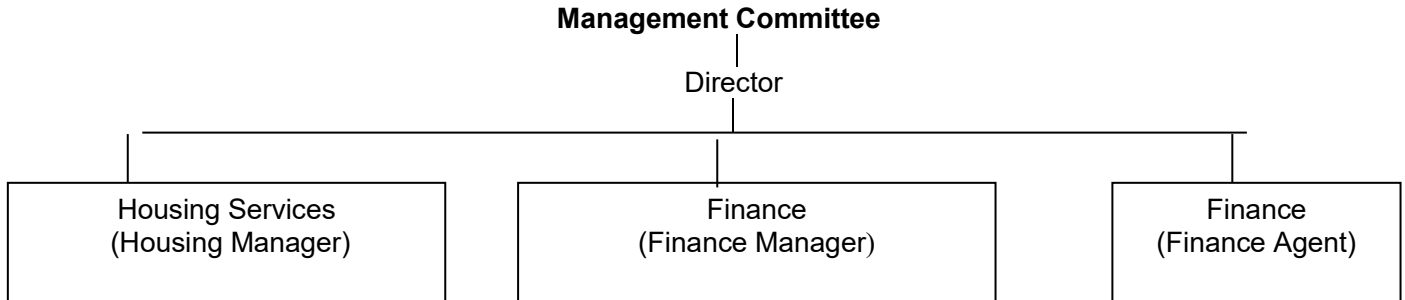


**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LTD**  
**Financial Regulations**

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## 1. INTRODUCTION

- 1.1 The Association must demonstrate effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.
- 1.2 Kingsridge Cleddans Housing Association Limited's financial regulations are based on the following current management structure: -



- 1.3 The Association currently operates under the Charitable Model Rules (Scotland) 2013 which are the constitution of the organisation.
- 1.4 The standing orders of the Association detail how the business of the organisation shall be run and include responsibilities, powers and remits of each committee or sub-committee.
- 1.5 The financial regulations detail committee and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.
- 1.6 Compliance with the financial regulations is compulsory for all staff. It is the responsibility of the Director to ensure that all staff are aware of the existence and content of these regulations.
- 1.7 The financial procedures set out how these regulations shall be implemented.
- 1.8 A review of the regulations shall take place at least every 3 years, or earlier if deemed appropriate by the Director or the Management Committee.
- 1.9 Training, periodic refreshers/updates for staff should be performed as and when required.
- 1.10 Nothing in these Financial Regulations shall override instructions from or conditions imposed by the Scottish Government, the SHR, the Financial Conduct Authority (FCA) and the Financial Reporting Council Authority and any other appropriate statutory organisation or any current legislation. Nothing in the supporting financial procedures or policies will override the principles embodied in the regulations.
- 1.1 A mini audit of adherence to the Financial Regulations shall be undertaken by the Finance Manager twice a year. Findings shall be reported to the Management Committee for information and action.

## 2. MANAGEMENT COMMITTEE RESPONSIBILITIES

- 2.1 The Management Committee has ultimate responsibility for all aspects of the Association's affairs. It is responsible for leadership, strategic direction and control of the Association and for ensuring it secures good outcomes for its tenants and service users.

- 2.2 Statute requires the Management Committee to prepare financial statements for each financial year and it is the Management Committee which is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.
- 2.3 The Management Committee is also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 2.4 Committee members also have a duty towards the Association, its staff, its tenants and the Community in which it operates. They must therefore seek good quality information and advice at all times and ensure their decisions are based on the same. This advice may need to be sought from external professional advisors where necessary. They must also ensure they have the skills and knowledge they need to be effective in their role. They must at all times seek to identify risks to the Association and mitigate the same.

### **3. STAFF RESPONSIBILITIES**

- 3.1 The Director is responsible to the Management Committee for the implementation of strategic, policy and procedural decisions taken by the Management Committee and the day to day management of the Association. The Chief Executive is also responsible for the promotion of the Association and for co-ordinating the activities of other Senior Officers. The Chief Executive is responsible for ensuring the Management Committee receives all information and relevant guidance and training which it requires to meet its obligations.
- 3.2 All Senior Staff are responsible for ensuring staff members within their section understand their respective roles and responsibilities and for monitoring their performance against the same. They must ensure they and their staff are open about, and accountable for, all they do. They are responsible for the security and control of all assets, cash and materials relating to their section. They are also responsible for managing the financial budgets allocated to their area of responsibility.
- 3.3 The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of any agents are contained within the relevant Minute (s) of Agreement or Service level Agreement.

### **4. ACCOUNTING**

- 4.1 All accounting procedures of the Association shall be determined by the Association's Finance Agents in consultation with the Finance Manager and Director. These procedures must take account of statute, good practice and current guidance.
- 4.2 The format of the Association's financial records shall be determined by the Association's Finance Agents in consultation with the Finance Manager and Director and must take account of audit requirements, good practice and current guidance.
- 4.3 The Finance Manager is solely responsible for all finance duties and records should be regularly updated.
- 4.4 All accounting policies of the Association shall be contained within the annual financial statements and shall be reviewed annually as part of the approval of the financial statements. Accounting policies shall be presented to the Management Committee for approval out with this cycle when changes are made.

- 4.5 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.

## **5. AUDIT REQUIREMENTS**

### **External Audit**

- 5.1 The external auditor will be appointed at each Annual General Meeting (AGM), following a recommendation by the Management Committee and in line with the Association's Rules and current statutory requirements.
- 5.2 The External Auditor will be appointed following a tendering process and in accordance with good practice the Association shall review its external auditors every 3 years unless the service level agreement dictates otherwise.
- 5.3 The role of the external auditor must be clearly detailed in an Engagement Letter provided by the external auditor that shall be reviewed every three years in accordance with good practice.
- 5.4 Preparation of the financial statements shall be undertaken by the Association's Finance Manager. A year end timetable should be completed by the Finance Manager and be agreed with the external auditor prior to commencement of the year end statutory audit. The financial statements must be in the required format and contain the report of the external auditor. In addition, the financial statements must contain a report from the Management Committee, to include comment on past and future developments, together with a separate Management Committee report on the systems of internal financial control.
- 5.5 Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting. Final audited accounts will be adopted at the AGM normally held in August.
- 5.6 Final audited and signed accounts will be submitted to the Scottish Housing Regulator (SHR), lenders, the Office of the Scottish Charities Regulator (OSCR) and to the FCA within the required timescales following the financial year end.
- 5.7 A copy of the auditor's Management Letter and the Management Committees' response to the Management Letter will also be submitted to the SHR within required timescales.
- 5.8 The external audit function shall be overseen by the Management Committee and in line with good practice the Management Committee shall have a closed door session, with no staff present, with the external and internal auditor at least once a year.

### **Internal Audit**

- 5.9 The internal auditor will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures, including an annual review of adherence to the Financial Regulations and Financial Procedures.
- 5.10 The internal auditor will be appointed following a tendering process and will be appointed for a maximum of 3 years (subject to an annual renewal of the appointment) by the Management Committee.
- 5.11 A rolling programme for internal audit shall be set out and agreed by the Management Committee based on current risk assessments. The setting of the internal audit programme shall take account of concerns or recommendations from the Management Team.

- 5.12 The Management Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales.
- 5.13 The internal auditor will have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the internal auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Management Committee as soon as is practical.
- 5.14 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures. Final responsibility for such matters lies with the Management Committee.
- 5.15 The internal auditor may assist in the protection of the assets of the Association by carrying out regular reviews of operations in order to detect system weaknesses, inefficiencies, fraud, misappropriation and losses due to waste or maladministration. Final responsibility for such matters lies with the Management Committee.
- 5.16 The internal auditor will also monitor compliance with the Association's Financial Regulations and Financial Procedures as part of their internal audit reviews. Final responsibility for such matters lies with the Management Committee.

## **6. FRAUD BRIBERY AND ERRORS OTHER FINANCIAL IRREGULARITIES**

- 6.1 The primary responsibility for the prevention and detection of fraud and errors rest with the Management Committee. The external auditor may plan his the audit in order to have a reasonable expectation of detecting material misstatements in the financial statements, whether caused by fraud or errors.
- 6.2 To assist in discharging its responsibilities in this area the Management Committee should receive reports from the internal auditor on all cases of actual or attempted fraud or bribery and consider whether internal controls require to be reviewed.
- 7.1 The Association shall have in place a 3 year business plan document which sets out the strategic direction of the Association. The Management Committee is ultimately responsible for the governance and direction of the Association and it is recognised that the business plan should represent a joint understanding by staff and Committee of what the Association wants to achieve, the choices available and the key risks faced by the Association. The business plan shall therefore be produced by the Management Committee and the Senior Management Team in consultation with staff, tenants and other stakeholders as necessary and in line with the Business Planning Protocol.
- 7.2 The content of the business plan should recognise and reflect the current SHR's Business Planning Recommended Practice for RSL's. It should include:
- Vision and Values
  - Profile of the Association and achievements (including analysis of our customer profile, stock, rents, performance and asset management)
  - Analysis of the Operating Environment (using PEST, SWOT and Risk Analysis)
  - Strategic Objectives
  - Annual Delivery plan
  - Financial analysis (including scenario planning and sensitivity testing)

- 7.3 On an annual basis, the Chief Executive has delegated authority for the preparation of a detailed operational plan for the Association on behalf of the Management Committee, within the framework of the business plan.
- 7.4 The Chief Executive shall produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.
- 7.5 The operational plan will set departmental performance targets and KPIs, and shall feed into the annual budget setting process and the Association's risk management procedures.
- 7.6 On at least a quarterly basis progress against operational targets shall be reported to the Management Committee. These reports shall be supported by the management accounts, other section reports and the risk register to ensure all aspects of the business plan are linked together and operating effectively.
- 7.7 On at least an annual basis the achievement of strategic objectives will be considered and reported to the Management Committee.
- 7.8 The Association shall take account of the SHR document on Recommended Practice-Business Planning in its business planning process.

## **8. APPROACH TO FINANCIAL FORECASTING**

- 8.1 The Finance Agent will assist with the preparation of long term financial planning on behalf of the Association. The Senior Management Team and Management Committee will be involved in the process with the forecasts requiring approval by the Management Committee.
- 8.2 Long term financial forecasts shall be prepared in accordance with timescales noted at clause 9.7 and shall be forwarded to all lenders (in line with loan agreements requirements) as well as external and internal auditors for information and consideration. Formal feedback shall be sought from all parties regarding the assumptions employed and the financial outturns.
- 8.3 The Association prepares and submits 5 year financial projections to the SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Management Committee, all in accordance with existing guidance from the SHR. A copy of this information shall be submitted to lenders and the external auditor.
- 8.4 The Association shall undertake a review of its long-term projections on an annual basis in order to ensure that the projected annual position remains on target with the 30 year statement of comprehensive income, statement of financial position and cash-flow projections. A full and detailed business plan review shall be undertaken annually. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the business plan document.
- 8.5 The content of the financial forecasts shall include the following information as a minimum:
- Details of main assumptions employed and source;
  - Statement of Comprehensive Income for 30 years;
  - Statement of Financial Position projections for 30 years;
  - Cash flow projections for 30 years;
  - Key performance indicators data and peer comparisons;

- Covenant compliance schedules;
  - Appropriate sensitivity analysis;
  - Schedules for all income and cost information and assumptions; and
  - Supporting narrative to confirm an overview of the projected outturns, any areas for further consideration, any areas of concern and any actions required that flow from production of the final information.
- 8.4 While the overall responsibility for this information lies with Finance it is essential that an appropriate level of input from all staff is accounted for within the long term financial plans. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.
- 8.5 Given the impact that inflation and interest rates may have on the expected financial position, the Finance Agent shall seek information from lenders regarding future expected rates for these areas. In addition, any real cost increase assumptions should take account of lender and valuer advice. All assumptions made in the forecasts should be reviewed and agreed with the Management Committee.
- 8.6 The Finance Agents shall produce an annual timetable to accompany the financial forecasting process and this shall take account of:
- Provision of, review and agreement on future maintenance plans
  - Provision of, review and agreement on rental, staffing and development assumptions
  - Production of draft projections
  - Management team discussion, review and agreement of draft projections
  - Reporting to Management Committee
  - Provision of information to external parties
  - Feedback to Management Committee from external parties.
- 8.7 The importance of financial forecasting in relation to the Association's overall business planning process is recognised and timetables applicable to both processes require to be carefully aligned.

## **9. ANNUAL BUDGET**

### **Preparation, Review and Approval**

- 9.1 An annual budget must be approved by the Management Committee of the Association prior to the start of the financial year to which it relates. The setting of the annual budget forms part of the annual business planning cycle and will reflect the Association's current business plan, operational plans and longer term financial forecasts.
- 9.2 This annual budget will comprise of:
- A clear statement of main assumptions and sources of information underlying the budget;
  - Projected Statement of Comprehensive Income
  - Projected Statement of Financial Position
  - Projected Cash Flow Statement;
  - Detailed capital budgets for all projects;
  - Monthly cash flow projections;
  - Monthly income and expenditure details;
  - Cost allocation information;
  - Appropriate ratio analysis;
  - Loan covenant compliance performance; and

- Any summary narrative commentary necessary for a clear understanding of the budget.

9.3 The budget will be prepared by the Association's Finance Agent/Manager on a roll over basis each year, taking into account the prior year budget, year to date variances and any known changes linking to the Business Plan. The Finance Agent will put in place a timetable which will take account of:

- Provision of budget planning information from budget holders;
- Review of planned, cyclical and major repairs to be undertaken in line with the 30 year plan;
- Submission of draft budget to Senior staff and budget holders for review and approval;
- Submission of draft budget to Management Committee for review and discussion including the impact of any options or sensitivities where there is a potential material financial effect over the 12 month period;
- Amendments as a result of Management Committee review; and
- Final approval of the budget by the Management Committee.

### **Budgetary Control**

9.4 Once approved, the budget shall be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, the Scheme of Delegation and any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved by the Management Committee.

9.5 It is the responsibility of all budgets holders to control relevant budgets. Budgetary control will be assisted by production of quarterly management accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates. The Finance Agent will report on actual income and expenditure against budget on a quarterly basis to both the Management Team and the Management Committee.

9.6 The Finance Agent will ensure that material variances (defined as variances exceeding 1% of turnover) are clearly explained within the narrative supporting the quarterly management accounts. Explanations of material variances will be sought from budget holders during the preparation of the quarterly management accounts where necessary. The Finance Agent shall, using their judgement, also highlight any other variances where this is considered appropriate.

9.7 The quarterly management accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of the Association at the year-end. Cash flow monitoring and covenant compliance will form a part of the management accounts. A copy of the approved budget and quarterly management accounts will be sent to the Association's lender(s) and external auditor.

9.8 In circumstances of emergency, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of the most senior member of staff on duty and the Chairperson of the Association (or Office Bearer in the absence of the Chairperson), who will consult the Finance Agent, if possible, before agreeing to any request. Any such expenditure must be reported by the Chief Executive to the next meeting of the Management Committee for retrospective approval.

9.9 Senior Staff should ensure that when reports are issued to the Management Committee, the financial implications of any course of action should be fully detailed. The Finance agent should be consulted prior to any report that has material financial implications going to the Management Committee.



- 9.10 Monthly rental income and maintenance expenditure reports shall be produced by the Operations team and be circulated to all members of the Management Team. The finance team shall undertake a monthly review of the trial balance income and expenditure for the purposes of budget monitoring and shall maintain a budget variance file in order to advise of projected outturns at the year end.
- 9.11 The Director has authority to reallocate budgets between cost headings subject to a maximum level of £10,000.

## **10. CASH CONTROLS**

- 10.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.
- 10.2 Procedures for the receipt of funds are detailed in the financial procedures.
- 10.3 A petty cash float not exceeding £250 shall be held for the purpose of making small payments and properly authorised expenses. The Finance Manager has day to day responsibility for petty cash payments. In the absence of the Finance Manager, the Director will assume responsibility for petty cash payments. Petty cash procedures are detailed in the Association's financial procedures.
- 10.4 All bank accounts and petty cash accounts must be reconciled to the relevant books of account by the Finance Manager on a monthly basis. These reconciliations shall be reviewed and certified as accurate by the Finance Agents.
- 10.5 The Finance Manager shall make arrangements for the safe custody of all banking documents including cheques.
- 10.6 In the event of any supplier bank account being notified by e-mail the finance team shall contact the payee directly and request written confirmation of the change. Such changes must be highlighted on the next available BACS payment list and be independently verified by the individual out with the finance team who is certifying the BACS list for payment.
- 10.7 All incoming post must be opened by one member of staff. Any cheques or cash received should be recorded on an incoming mail register and passed to the finance Manager to review and verify.

## **11. DEBTORS CONTROLS**

- 11.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.
- 11.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 11.3 Rental income payments are the main source of revenue income for the Association and operational procedures shall be reviewed regularly in order to monitor their effectiveness. A monthly report on rental information and arrears shall be prepared by the Housing Manager, be circulated to the management team (who should review any further action as necessary) and be reported quarterly to the Management Committee

- 11.4 All other sums due and outstanding to the Association shall be summarised within the quarterly management accounts. Such sums shall include; insurance claims outstanding, chargeable repairs and improvement works for owners.
- 11.5 Procedures relating to rents and other income generating areas shall incorporate information on debtor control including the basis for monitoring and reporting sums due.
- 11.6 All amounts written off as irrecoverable must be formally reported on and approved by Management Committee prior to the balances being written off.
- 11.7 Responsibility for Debtors control within the Association is as follows: -
- (i) Rent Arrears – Housing Manager
  - (ii) Shared Owners Arrears – Housing Manager/Finance Manager
  - (iii) Insurance Claims outstanding – Finance Manager
  - (iv) Rechargeable Repairs Property Services Administrator
  - (v) Improvements Works for Owners – Director
  - (vi) Wider Action Claims outstanding – Director
  - (vii) All other sums due – Director

## **12. ASSET CONTROLS**

- 12.1 The Association shall maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail acquisition date, disposal date, estimated useful life for depreciation purposes and cost. In addition, copies of invoices relating to each asset purchased shall be contained within the register, which may be held in electronic format.
- 12.2 The Association shall undertake quarterly reviews of the register to verify continued ownership and existence of these fixed assets. This task shall be undertaken by the Finance Manager with the Finance Agents carrying out an annual review.
- 12.3 Equipment Maintenance contracts and leasing contracts shall be entered for such fixed assets as appropriate and a separate register shall be held by the Association. Details to be inserted on these registers include; service provider, start date, termination date, and asset being maintained/leased and cost. This register shall be updated on a quarterly basis by the Finance Manager and may be held in an electronic format.
- 12.4 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to and authorised by the Management Committee.
- 12.5 The originals of all title deeds shall be held in secure storage by the Association's solicitors or bankers. The finance team will maintain a register of all title deeds and will confirm to the Management Committee on an annual basis that all title deeds are properly held.
- 12.6 The Finance Manager will ensure a register of all properties owned by the Association is maintained and kept up to date. The housing properties register shall ensure the Association complies with the requirements of component accounting. The current housing register used by the Association is known as the component accounting spreadsheet.
- 12.7 This holds records of all housing assets by phase, split into relevant components. Component and property replacements and disposals, along with depreciation charges of housing property assets shall be updated on the component accounting spreadsheet in a timely manner. Copy invoices for all replacements will be kept in a file within the finance department. This task is undertaken by the finance team on a quarterly basis. These updates and the resultant monthly journal shall be reviewed by the Finance Manager.

### **13. PROCUREMENT, CONTRACTS & TENDERING**

- 13.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Policy.
- 13.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the Procurement Policy.
- 13.3 Orders for works, goods and services will be in accordance with current procedures, in particular the budget limits and the regulations on Incurring and Authorising Expenditure.
- 13.4 All contracts entered into by the Association require the authorisation of the Management Committee.
- 13.5 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the Finance Manager and relevant officer shall keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 13.6 Payment to contractors, whether on account or the final account, shall be made in accordance with current procedures. The Finance Manager shall meet regularly with the appropriate officer to monitor expenditure on contracts.
- 13.7 The Management Committee shall be provided with quarterly updates on the progress of all contracts, including a summary of the position of accounts on each contract.
- 13.8 The Association shall take account of EU Procurement thresholds as appropriate. When required and following approval by the Management Committee a procurement consultant may be used to ensure the Association complies with all applicable Procurement legislation and requirements.

### **14. BOOKS, REGISTERS AND COMPUTER DATA**

- 14.1 As a minimum requirement the following books and registers must be maintained by the Association: -

<b>Books and Registers</b>	<b>Responsible Staff Member</b>
(a) Cashbook	Finance Manager
(b) Petty Cash Book	Finance Manager
(c) Nominal Ledger	Finance Manager
(d) Fixed Assets Register	Finance Manager
(e) Office Inventory	Finance Manager
(f) Register of Disposals	Finance Manager
(g) Register of Frauds and Bribery	Director
(h) Register of Payments and Benefits	Director
(i) Register of Interests	Director
(j) Register of Members	Finance Manager
(k) Register of Gifts & Hospitality	Director
(l) Complaints register	Director
(m) Tender Register/Receipt Book	Director
(n) Seal Register	Finance Manager
(o) Rent Ledger	Housing Manager
(p) Fixed Assets Register- Other	Finance Manager
(q) Purchase Ledger	Finance Manager
(r) Sales Ledger	Finance Manager
(s) Loans Register	Finance Manager
(t) Register of Title Deeds	Director

- 14.2 Responsible staff member refers to individual having responsibility for maintenance of and administration relating to each register. This responsibility may be delegated to another staff member by the responsible staff member.
- 14.3 All such books and registers together with other relevant papers or information may, where appropriate, be kept in an electronic format and must be securely stored when not in use.
- 14.4 All information held on computer must be backed up on a daily basis and stored within the Association's fireproof safe when not in use. It is the responsibility of the Housing Manager to ensure that this task is undertaken. The Association's server backs up all system information remotely on a daily basis.
- 14.5 Access to computer systems must be restricted by the appropriate use of passwords etc.
- 14.6 In conducting its operations the Association must comply with all aspects of the Data Protection Act. All such matters are the responsibility of the Director.
- 14.7 The Association's I.T. co-ordinator is the Housing Manager.

## **15. SECURITY**

- 15.1 Each employee is responsible for maintaining proper and adequate security at all times for buildings, furniture, equipment, cash and other assets under their control. The Director is responsible for overall security and any risks to the Association must be notified to the Director immediately.
- 15.2 Current staff members are all office key holders. The Association's Landlord will also have a set of office keys. All personnel holding keys are responsible for their safe keeping.
- 15.3 The Finance Manager has day to day responsibility for petty cash payments. The Finance Manager will reconcile the petty cash on a monthly basis. In the absence of the Finance Manager, the Office Administrator will assume responsibility for petty cash payments.
- 15.4 The petty cash box and its key are held in the Finance Managers locked drawer. The safe key holders are the Finance Manager & Office Administrator and in the event of planned leave of both members the safe keys shall be passed to the Director, Housing Manager or Housing Assistant (in that order) who shall then assume responsibility for access to the safe and petty cash. The members of staff handing over and receiving the keys to the safe/petty cash box shall sign and date all petty cash receipts the petty cash book to this effect. Access to the safe & petty cash box is restricted to the aforementioned staff members and in all cases safe keys must be retained in the possession of the authorised staff member who, under no circumstances, should leave keys unattended.
- 15.5 All staff with access to the safe are required to ensure that the safe is locked and that the combination dial is moved from the access position when the relevant transactions have been completed.
- 15.6 A register shall be maintained of all items held within the safe. Documents should be signed out when removed by an authorised member of staff and signed back in when returned. A regular check should be made by the finance team to ensure all items are present in the safe.
- 15.67 The loss of office, property or petty cash keys must be notified to the Director immediately.

- 15.8 Online security is the responsibility of the Housing Manager/Director.
- 15.9 All information held on computer must be backed up on a daily basis and stored off-site. It is the responsibility of the Housing Manager to ensure this task is undertaken.
- 15.10 Access to computer systems must be restricted by the appropriate use of passwords which shall be prompted to change every 90 days for SDM software and every 180 days for other pc's etc. A formal password policy should be in place and enforced and be contained within the Association's IT policy.
- 15.11 The Director will ensure that there are adequate systems in place covering the security and use of all data (personal and sensitive information) relating to applicants, tenants, members of staff, contractors and of the public held either in electronic or paper format, to comply with the Data Protection Act.

## **16. INSURANCES**

- 16.1 The Association's Finance Manager shall affect all insurance cover on behalf of the Association subject to the management team confirming cover requirements. Due to EU Procurement rules the use of a specialist consultant may be required. The appointment of this consultant will be approved by the Management Committee.
- 16.2 All Line Managers of the Association shall advise the Finance Manager in writing of events likely to result in a change to the Association's insurance requirements.
- 16.3 The Finance Agents, in consultation with the management team, shall review all insurances during the year and report to the Management Committee thereon.
- 16.4 The submission of all insurance claims is the responsibility of the Finance Manager. The Finance Manager will also record, monitor and control insurance claims.
- 16.5 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.
- 16.6 The Association shall ensure, prior to contracts commencing, that written agreement is received from external contractors that they shall insure and take responsibility for all works in progress. A copy of the insurance cover in place must be received by the Association in advance of such works commencing.

## **17. RISK MANAGEMENT**

- 17.1 The Association's approach to managing risk is detailed within the Risk Management Policy and Strategy.
- 17.2 All current activities, and proposals for new activities, will be subject to a risk assessment as specified in the Risk Management Policy and strategy.
- 18.3 Where potential risks are identified the activity will be included in the current Risk Matrix together with measures to eliminate or minimise the risk.
- 18.4 The Director will provide the current risk matrix and a report to the Management Committee at least every six months, providing an update regarding progress to mitigate the key strategic risks to the Association.

## **18. VALUE FOR MONEY**

- 18.1 The Association shall seek to obtain value for money in terms of its fixed asset investments, its contractual commitments and in its day-to-day operational activities. Returns on investments shall be managed in line with the Treasury Management Policy.
- 18.2 In the selection of an appropriate method of procurement the use of tendering procedures, the selection of appropriate financing options, a balancing of quality and cost or other appropriate cost benefit analysis shall be undertaken by the Association in its decision making process.
- 18.3 A value for money statement shall be produced by the Association and be reviewed annually in order to select current best practice.

## **19. TREASURY MANAGEMENT**

- 19.1 The Association will comply with the Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and cross Sectorial Guidance Notes (2011 Edition), (the Code).
- 19.2 The Association will create and maintain as the cornerstone for effective treasury management:-
- A treasury management policy statement stating the policies objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMP's), setting out the manner in which the Association will seek to achieve those policies and objectives and prescribing how it will manage and control those activities

The content of the policy statement and TMP's will follow the recommended contained in sections 6 & 7 of the code, subject only to amendment where necessary to reflect the particular circumstances of the Association. Such amendments will not result in the Association materially deviating from the Code's key principals.

- 19.3 The Associations Management Committee will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form of prescribed in it TMP's.
- 19.4 The Association delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Finance Manager and for the execution and administration of treasury management decisions to the Management Committee.

## **20. TRAVEL, SUBSISTENCE & OTHER ALLOWANCES**

- 20.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Association's policies and procedures on Committee Members' and Staff Expenses.
- 20.2 All claims for payments of travel, subsistence and other expenses will require to be authorised in accordance with the current financial procedures.

## **21. GIFTS, HOSPITALITY & INTERESTS**

- 21.1 The giving and receiving of gifts and hospitality shall be in accordance with the Association's Gifts & Hospitality Policy.
- 21.2 All Committee members and staff shall ensure that they declare any interest with regards to any aspect of the Association's activities as required by the Association's rules and regulatory requirements.

## **22. DONATIONS**

- 22.1 The Association's approach to donations is detailed within the Donations, Gifts & Hospitality Policy.
- 22.2 All donations must be approved by the Management Committee

## **23. BENCHMARKING AND PERFORMANCE ANALYSIS**

- 23.1 The Association's Director shall ensure that reports will be submitted to the Management Committee on the following areas: -
- (a) Analysis of Internal Management Plan targets achieved
  - (b) Comparison of results with SHR published ratios and statistics
  - (c) Comparison of results with Association's annual budget
  - (d) Comparison of actual and estimated loan covenant results.
  - (e) Annual Return on the Charter (ARC)

The Association's Management Committee may consider issues arising from the above in greater detail.

- 23.2 All Staff are responsible for the provision of information attaching to their department in line with an agreed timetable confirmed by the Director and included within operational plans. Staff when providing relevant data or statistics summaries shall email the detailed calculations or file attachments that represent the source of the summary data or statistics provided. The Director or a delegated representative shall audit relevant information provided in order to ensure accuracy and consistency of reporting.

## **24. NEW PROJECTS**

- 24.1 Prior to committing the Association to any new projects or activities a full options appraisal and financial assessment shall be carried out and reported to the Management Committee for consideration and approval.
- 24.2 In the event that the new project or activity results in a net financial cost to the Association then the overall impact on the Associations long term financial projections requires to be considered and reported on as part of the overall assessment report.
- 24.3 External specialist and legal advice shall be taken where appropriate.

**25. EXPENDITURE AUTHORISATIONS**

25.1 Only those staff with the delegated authority to do so will incur an expenditure commitment or authorise a payment. No payments will be made unless the payment has been checked and signed off by those with the appropriate authority.

25.2 The Management Committee approve budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets subject to Standing Orders and the current Scheme of Delegated Authority.

25.3 Any non-emergency expenditure (including contract variations) up to £10,000 in total in excess of set budgetary limits may be approved by the Director who shall report such matters for retrospective approval to the next Management Committee.

25.4 There are three levels of procedures involved in authorising expenditure.

- a) taking on the commitment to spend;
- b) certification that the expenditure is arithmetically correct; and
- c) approving the invoice after goods or services received.

b) & c) are covered within the Financial Procedures.

25.5 Approval of Commitment to Spend:-

i) Capital Expenditure (excluding properties, including IT, motor vehicles, copiers etc)

a)	Under £15,000	Director
c)	Over £15,000	Management Committee

ii) Capital Expenditure (properties)

a)	Purchase of a property	Management Committee
b)	Consultants Fees/ Works Costs within approved contract sums	Director

iii) Staff Appointments, Salaries & Staff Costs

a)	Staff appointments	Management Committee
b)	Temporary Staff	Director
c)	Annual Salary Reviews	Management Committee
d)	Staff Expenses	Director
e)	Committee Expenses	Director
f)	Director Expenses	Chairperson
g)	Overtime	Management Committee
h)	Overtime of Chief Executive	Chairperson
i)	Redundancies, settlements etc	Management Committee

iv) Property Management Costs

a)	Repairs & Maintenance up to £500	Property Services Administrator
b)	Repair & Maintenance up to £1,000	Property Services Administrator
c)	Repair & Maintenance up to £5,000	Director
d)	Repair & Maintenance up to £15,000	Director



v) Office Administration & Other General Expenses

a)	Up to £1,000	Finance Manager
b)	Up to £15,000	Director
c)	Over £15,000	Management Committee

vi) Housing Management

a)	Legal Fees up to £500	Housing Manager
b)	All costs up to £5,000	Director
c)	All costs up to £15,000	Director
d)	All costs over £15,000	Management Committee

The above noted individuals (other than the Office Administrator) have the same authority levels for authorising invoices for payment.

## Appendix 1

### AUTHORISED SIGNATORIES

The following is the list of signatories authorised to act in each area:-

<b>BACS Payment List</b>	
Prepared by	Finance Manager
Authorised by	Director
<b>BACS Payment (Online) Banking</b>	
Prepared by	Finance Manager
Authorised by	Director
<b>Cheque Payments</b>	
Prepared by	Finance Manager
Authorised by	Director / Committee Signatories
<b>Grant Offers</b>	
Authorised by	Director
<b>HAG Claims</b>	
Prepared by	Development Agent
Authorised by	Director/ Finance Manager/ Agent
<b>Private Finance Drawdown</b>	
Prepared by	Finance Agent/ Manager
Authorised by	Director
<b>Scottish Government Grants</b>	
Prepared by	Finance Agent/ Manager
Authorised by	Director

A copy of all sample signatory must be retained by the Finance Manager and they should used to verify signatories and should be updated any time there is a change of authorised staff / agents.

A copy of all sample signatory forms issued to third parties must be retained within Finance.

Contracts requiring signature must be signed in line with delegated authority granted by Management Committee at the appropriate meeting.

## Appendix 2

### Budget Holders

Director	Employee Costs Consultants Advertising & Promotion Committee Expenses Committee Training Staff Recruitment Staff Training Subscriptions Donations General Legal fees Other Fixed Assets New Build Projects
Housing Manager	Bad Debts Tenant Participation Wider Action Reactive Maintenance Void Costs Major Repairs Cyclical Maintenance Estate Management Component Replacement Costs
Finance Manager	Audit Fee (Internal & External) Bank Charges General Expenses Heat, Light & Cleaning Insurance Office Repairs/Concierge Office Equipment Maintenance Printing & Stationery Postage Rent & Rates Service Costs Telephones Loan Payments

## Appendix 3

### List of Approved Documents Referenced:-

Financial Procedures Policy  
Fraud Policy  
Whistle Blowing Policy  
Procurement Policy  
Risk Management Policy  
Treasury Management Policy  
IT Policy  
Business Planning Protocol

This is page 20 of the Financial Regulations Policy. Please sign below that you have read and understood the Financial Regulations Policy approved November 2017

**Management Committee**

- 1. \_\_\_\_\_ Date: \_\_\_\_\_
- 2. \_\_\_\_\_ Date: \_\_\_\_\_
- 3. \_\_\_\_\_ Date: \_\_\_\_\_
- 4. \_\_\_\_\_ Date: \_\_\_\_\_
- 5. \_\_\_\_\_ Date: \_\_\_\_\_
- 6. \_\_\_\_\_ Date: \_\_\_\_\_
- 7. \_\_\_\_\_ Date: \_\_\_\_\_
- 8. \_\_\_\_\_ Date: \_\_\_\_\_
- 9. \_\_\_\_\_ Date: \_\_\_\_\_
- 10. \_\_\_\_\_ Date: \_\_\_\_\_
- 11. \_\_\_\_\_ Date: \_\_\_\_\_
- 12. \_\_\_\_\_ Date: \_\_\_\_\_

**Staff Members**

- 1. \_\_\_\_\_ Date: \_\_\_\_\_
- 2. \_\_\_\_\_ Date: \_\_\_\_\_
- 3. \_\_\_\_\_ Date: \_\_\_\_\_
- 4. \_\_\_\_\_ Date: \_\_\_\_\_
- 5. \_\_\_\_\_ Date: \_\_\_\_\_
- 6. \_\_\_\_\_ Date: \_\_\_\_\_
- 7. \_\_\_\_\_ Date: \_\_\_\_\_
- 8. \_\_\_\_\_ Date: \_\_\_\_\_
- 9. \_\_\_\_\_ Date: \_\_\_\_\_
- 10. \_\_\_\_\_ Date: \_\_\_\_\_
- 11. \_\_\_\_\_ Date: \_\_\_\_\_
- 12. \_\_\_\_\_ Date: \_\_\_\_\_