



**Cloch Housing Association**

# **Financial Regulations Policy**

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## **1. STATUS OF FINANCIAL REGULATIONS**

- 1.1 The financial regulations form part of the overall system of financial and management control of Cloch Housing Association. The rules, the terms of reference of the Board and its Sub-Committees, and the standing orders outline how the Association will be controlled and run.
- 1.2 This document sets out the financial regulations which form part of the standing orders. It translates into practical guidance the Association's broad policies relating to financial control. This document was originally approved by the Board on 21<sup>st</sup> January 2014 and updated for approval on 22 August 2017.
- 1.3 Compliance with the financial regulations is compulsory for all staff employed within the Association. It is the responsibility of heads of departments to ensure that their staff are made aware of the existence and content of the financial regulations.
- 1.4 The Finance Team is responsible for the review of the financial regulations and advising the Board of any additions or changes necessary.
- 1.5 The Association will have detailed financial procedures which will set out how the regulations will be implemented and are contained in a separate folder of procedures. It is the Finance Director's responsibility to prepare and maintain the Association's financial procedures which should be made available to all departments.

## **2.0 BOARD RESPONSIBILITIES**

- 2.1 The Board has responsibility for all aspects of the Association's affairs.
- 2.2 Statute requires the Board to prepare financial statements for each financial year and it is the Board who are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.
- 2.3 The Board are also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 2.4 Board members also have a duty towards the Association, staff, customer and the Community and must therefore take steps to satisfy themselves that they receive all necessary information to allow reasoned and justifiable basis for decision-making.

2.5 The Board has ultimate responsibility for the Association's finances. The financial responsibilities are:

- to ensure the solvency of the Association
- to safeguard the Association's assets
- to ensure the effective and efficient use of resources
- to ensure compliance with the Scottish Housing Regulator
- to ensure that financial control systems are in place and are working effectively and that a statement of assurance is produced by the internal audit provider annually on each of the audited areas
- to ensure that the Association complies with the Scottish Housing Regulator Code of Conduct setting out Standards of Governance and Financial Management
- to approve the Association's business plan
- to approve annual estimates of income and expenditure and to approve the annual financial statements
- to recommend to the annual general meeting (AGM) the appointment of the Association's external auditors.

### **3.0 GOVERNING BODY STRUCTURE**

3.0.1 The Board delegates responsibilities to the Sub-Committees who are directly accountable to the Board, (see Appendix 1). The Finance Director reports directly to the Finance & Corporate Services Sub Committee as well as directly to the Board.

#### **3.1 Finance and Corporate Services Sub Committee**

3.1.1 Ongoing monitoring of the Association's financial position and financial control systems is undertaken by the Finance and Corporate Services Sub Committee. However, the Board reviews and approves the annual budget and 5/30 year cashflow projections to ensure that short term budgets are in line with agreed long term plans.

Objectives of the Finance and Corporate Services Sub Committee include:

- examine quarterly estimates and accounts via the Management Accounts and recommend their approval to the Board.
- consider any other matters relevant to the financial duties of the Board and make recommendations accordingly.
- ensure adequate information is provided to enable the Board to discharge its financial responsibilities.
- Identify and approve appropriate performance measures for internal and external audit and for monitoring their performance.
- Satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness and that the Board are able to give an annual statement of assurance in respect of financial control systems.

## **4.0. AUDIT REQUIREMENTS**

### **4.1 External Audit**

- 4.1.1 The primary role of an external audit is to report on the Association's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Financial Reporting Council Code of Auditing Standards.
- 4.1.2 Audited financial statements require approval by the Board and must be submitted to The Scottish Housing Regulator within 6 months of the financial year-end. These accounts must be in the required format and contain the report of the external auditors. In addition, the financial statements must contain a report from the Board, to include comment on past and future developments, together with a separate Board report on the systems of internal financial control.
- 4.1.3 A year-end timetable should be completed by the Association's Finance Director and be agreed with the external auditors prior to commencement of the year-end statutory audit.

- 4.1.4 The role of the external auditors must be clearly detailed in an Engagement Letter which shall be reviewed every three years. Preparation of the financial statements shall be undertaken by the Finance Director and a Management Letter must be received annually by the Board for consideration and response. The Association shall review its external auditors every 7 years unless the service level dictates otherwise. The appointment of external auditors will take place annually at the AGM.
- 4.1.5 The auditors have authority to access all records, documents, correspondence and cash sums for verification purposes. Any event involving or thought to involve fraud or irregularities or malpractice shall be notified to the Chief Executive, Chair or Secretary of the Association immediately for further investigation and action.
- 4.1.6 The Management Letter will be submitted to the Board for approval. Following approval of the Audited Financial Statements the Association shall submit returns to the FCA, OSCR, and SHR in line with prescribed timescales.

## **4.2 Internal Audit**

- 4.2.1 The internal auditor is appointed on the recommendation of the Finance and Corporate Services Sub Committee.
- 4.2.2 The main responsibility of internal audit is to provide the Board, the Chief Executive and Senior Management with assurances on the adequacy of the internal control systems.
- 4.2.3 The internal audit service remains independent in its planning and operation and has direct access to the Board and the Chief Executive.
- 4.2.4 The internal auditor will comply with the standards set by the Chartered Institute of Internal Auditors (CIIA).

## **4.3 Access to Information**

- 4.3.1 External auditors and internal auditors shall have authority to:
- access the Association's premises at reasonable times;
  - access all assets, records, documents and correspondence relating to any financial and other transactions of the Association;

- require and receive such explanations as are necessary concerning any matter under examination;
- require any employee of the Association to account for cash, stores or any other Association property under his/her control;
- access records belonging to third parties, such as contractors when required.

4.3.2 Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the Association or there is any other suspected irregularity in the exercise of the activities of the Association, procedures in accordance with the Association's whistle blowing policy shall be followed.

4.3.3 The Association may, from time to time, be subject to audit or investigation by external bodies such as HM Revenue & Customs who have statutory rights of access.

## **5.0 STAFF RESPONSIBILITIES**

### **5.1 The Chief Executive**

5.1.1 The Chief Executive is responsible for the operational management of the Association's affairs. The Chief Executive must assist the Board in determining its strategic objectives and promote the achievement of such objectives through the effective deployment of the Association's resources.

### **5.2 The Finance Director**

5.2.1 Day to day financial administration is the responsibility of the Finance Director. The Finance Director is responsible to the Chief Executive for:

- financial and business planning
- preparing annual capital and revenue budgets
- preparing management accounts and information, monitoring and control of income and expenditure against budgets and all financial operations
- preparing the Association's annual accounts and other financial statements and accounts which the Association is required to submit to other authorities
- preparing appraisals for major investment decisions
- ensuring that the Association maintains satisfactory financial systems

- providing professional advice to the Board on all matters relating to financial policies and procedures including treasury management.

5.2.2 A diagram indicating the structure of the Finance Department including all sections and lines of responsibility is shown at Appendix 3.

### **5.3 Heads of Department**

5.3.1 Heads of department are responsible to the Chief Executive for financial management in their own areas. They are advised by the Finance Director in executing their financial duties. The Finance Director will also supervise and approve the financial systems operating within their departments including the form in which financial records are kept.

5.3.2 Heads of department are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

5.3.3 Where resources are devolved to budget holders, the budget holder is accountable to the head of department for his/her own budget.

### **5.4 Other Staff**

5.4.1 The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of any agents employed by the Association are contained within the relevant Minute of Agreement/contract.

## **6.0 EQUAL OPPORTUNITIES**

6.1 The Association is committed to ensuring equal opportunities and fair treatment for all people in its work.

6.2 In implementing the Financial Regulations, the Association will ensure that it achieves fairness towards all staff, governing body members and any agency with a financial connection to the Association. Commitment to equal opportunities and fairness will apply irrespective of factors such as gender or marital status, race, colour, disability, age, sexual orientation, language or social origin, or other personal attributes.



## **7.0 RISK MANAGEMENT**

- 7.1 The Association has considered the potential risks facing the organisation should the Financial Regulations fail to be adhered to.
- 7.2 In order to minimise this risk, the Association ensures the Financial Regulations are reviewed regularly and that all staff are aware of their contribution to the efficient and effective running of the Association. In particular, staff require to know and understand their own and others' level of expenditure authorisation. Methods of validation and ensuring probity include an annual external audit, together with an extensive programme of internal audit.
- 7.3 The Association's approach to risk management is contained within the relevant risk management policy.

## **8.0 BUDGET PREPARATION**

- 8.1 The Finance Director is responsible for ensuring a draft revenue & capital budget is prepared for consideration by the Board before the submission of the final budget to Board for approval. The Finance Director must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of department as soon as possible following their approval by the Board. Departments may operate supplementary budgets, within their allocations, in accordance with procedures established by the Finance Director.
- 8.2 The budget should include a 30-year cash flow forecast and projected Statement of Financial Position and Statement of Comprehensive Income to reflect a five year period. In addition, the Association shall prepare and submit 5-year budgets to the Scottish Housing Regulator in the prescribed format and within relevant timescales in accordance with existing guidance from the regulator.
- 8.3 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 long term estimates. A full and detailed review (incorporating the Statement of Comprehensive Income, Statement of Financial Position, Cashflow Forecast, Performance Indicators and Covenant Compliance) shall be undertaken annually unless circumstances dictate that an earlier review is necessary. Appropriate sensitivity analysis must be applied to the long-term projections.

8.4 During the year, the Finance Director is responsible for submitting revised budgets, for example, post year end with carry forward, mid-year review, to the Finance and Corporate Services Sub Committee. If the mid-year budget review results in a surplus against budget being reduced, this must be approved by the Board.

## **9.0 DEVELOPMENT PROGRAMME**

9.1 Capital expenditure on land, buildings and associated costs over £15,000 can only be approved by the Board.

9.2 The Finance Director and Development Agent are responsible for providing regular statements concerning all capital expenditure to the Board for monitoring purposes.

9.3 Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic plans and estates strategy approved by the Board;
- an initial budget for the project, including a breakdown of costs incorporating professional fees, VAT and funding sources;
- a financial evaluation of the plans together with their impact on cash surpluses, plus advice on the impact of alternative plans;
- an investment appraisal in an approved format which complies with regulatory guidance on option and investment appraisal;
- a demonstration of compliance with normal tendering procedures and Scottish Housing Regulator regulations;
- a cash flow forecast.

## **10.0 BUDGETARY CONTROL**

- 10.1 On a quarterly basis the Association shall prepare Management Accounts which shall compare actual results to date with estimates contained within the budget. Material variances must be clearly explained within the narrative supporting the Management Accounts. In addition, the effect of likely future events on the financial position should be contained within the quarterly management accounts together with details of the currently projected financial position of the Association at the year-end.
- 10.2 The control of income and expenditure within an agreed revenue budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to their head of department for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the Finance Department.

## **11.0 VIREMENT**

- 11.1 Where a budget holder is responsible for more than one budget, virement (the authority to transfer budgets) is permitted with the written approval of the head of department.
- 11.2 Virement between budgets held by the same budget holder is permitted up to £5k for overhead budgets and £10k for all other budgets. The written approval of the transferring budget holder and the head of department is required. The Finance Director should also be advised and the Finance and Corporate Services Sub Committee will be informed via the next quarterly Management Accounts report.
- 11.3 The Finance Director is responsible for submitting requests for virement of resources above the agreed level to Board for approval.
- 11.4 Where expenditure is necessary as a result of danger to life, limb or property such expenditure shall be incurred and reported to the Board as soon as possible.

## **12.0 BOOKS, REGISTERS AND COMPUTER DATA**

- 12.1 Each departmental manager is responsible for the retention of documents under their control.

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

<b>Books and Registers</b>	<b>Held Electronically/ Paper</b>	<b>Responsible Staff Member</b>
(a) Cash Sheets	Electronic	Finance Director/Senior Finance Officer
(b) Petty Cash Book	Electronic	Finance Director/Senior Finance Officer
(c) Nominal Ledger	Electronic	Finance Director/Senior Finance Officer
(d) Fixed Assets Register	Electronic	Finance Director/Senior Finance Officer
(e) Office Inventory	Electronic	Corporate Services Officer / Senior Finance Officer
(f) Register of Disposals	Electronic	Chief Executive/Finance Officer
(g) Register of Frauds	Electronic	Chief Executive/ Finance Director
(h) Register of Payments, Benefits and Interest	Electronic	Chief Executive
(i) Register of Members	Electronic	Corporate Services Manager / Chief Executive
(j) Complaints register	Electronic	Head of Corporate Services
(k) Tender Register	Electronic	Chief Executive/Head of Property Services
(l) Seal Register	Electronic	Corporate Services Manager/Chief Executive
(m) Rent Ledger	Electronic	Head of Housing Services
(n) Maintenance Contract Register	Electronic	Head of Property Services
(o) Component Register	Electronic	Finance Director/Senior Finance Officer

- 12.3 Responsible staff member refers to an individual having responsibility for the maintenance of a register, etc.
- 12.4 All such paper books and registers must be securely stored when not in use in the relevant filing cabinet or fire proof safes, where possible.
- 12.5 All information held on computer must be backed up on a daily basis and stored securely off site.
- 12.6 In conducting its operations, the Association must comply with all aspects of the Data Protection Act and GDPR Regulations. All such matters are the responsibility of the Association's Leadership team.
- 12.7 The Association is required by law to retain prime documents. These include:
- Annual Accounts & Management Accounts information (seven years);
  - Sales invoices and purchase invoices (seven years);
  - Copies of receipts and bank statements (seven years);
  - Payroll records (seven years);
  - Pensions reports and contribution evidence (permanent);
  - VAT records (seven years).
- 12.8 For auditing and other purposes, the Association should retain other historical financial documents for three years.

### **13.0 SECURITY**

- 13.1 Each Line Manager is responsible for maintaining proper and adequate security at all times for furniture, equipment, cash and other assets under their control. The Chief Executive is responsible for overall security and any risks to the Association must be notified to the Chief Executive immediately.
- 13.2 The Finance Graduate Apprentice has day to day responsibility for the petty cash box, which should be stored in a locked drawer. In their absence, the Finance Assistant will administer the petty cash. Each month the Finance Graduate Apprentice reconciles the petty cash book and this is then signed off by the Senior Finance Officer.

- 13.3 The loss of office, property, petty cash or safe keys must be notified to the Chief Executive immediately.

## **14.0 INCOME AND BANKING**

### **14.1 General**

- 14.1.1 The Finance Director is responsible for ensuring that appropriate procedures are in operation to enable the Association to receive all the income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use must have approval from the Finance Department.

- 14.1.2 Levels of charges for rents and lettings are determined by procedures approved by Board.

- 14.1.3 The Finance Department is responsible for the prompt collection, security and banking of all income received.

- 14.1.4 The Finance Department is responsible for ensuring that all grants notified by the Scottish Housing Regulator and other bodies are received and appropriately recorded in the Association's accounts.

- 14.1.5 The Finance Department is responsible for ensuring that all claims for funds are made by the due date, where applicable.

### **14.2 Appointment of Bankers**

- 14.2.1 The Board is responsible for the appointment of the Association's bankers on the recommendation of the Finance Director.

### **14.3 Bank Arrangements**

- 14.3.1 The Finance Department is responsible for liaising with the Association's bankers in relation to the Association's bank accounts and the issue of payments. All cheque books shall be ordered on the authority of the Finance Director who shall make proper arrangements for their safe custody.

- 14.3.2 Only the Finance Director, with dual authorisation from the Chief Executive, may arrange for bank accounts to be opened or closed in terms of dealing with the Association's funds. All bank accounts shall be in the name of the Association. Should either be absent for any period, then one of these roles can be delegated to another member of the Leadership Team, and the Senior Finance Officer.

14.3.3 Appendix 2 details the approval limits for cheques, BACS and CHAPS payments.

14.3.4 The Finance Director is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review and that large or unusual items are investigated as appropriate.

#### **14.4 Cash Receipts**

14.4.1 On occasions cash payments may be made at the office. Where this occurs all monies received within departments from whatever source must be recorded by the Finance or Customer Connections Team on a daily basis together with the form in which they were received. An authorised receipt of the Association should be issued.

14.4.2 Money that must be paid to the bank cashier and custody of all cash holdings must comply with the requirements of the Association's insurers.

14.4.3 No deductions may be made from any cash collected on behalf of the Association prior to paying into the bank.

14.4.4 Personal or other cheques must not be cashed out of money received on behalf of the Association.

#### **14.5 Rents**

14.5.1 The procedures for collecting rents must be approved by the Head of Housing Services in conjunction with the Finance Department. The Head of Housing Services should ensure that:

- I swift and effective action is taken to collect overdue rents in accordance with the Association's formal procedures (detailed in the housing services procedures)
- I outstanding rents are monitored and reports prepared for Housing and Property Services Sub-Committee.

## **14.6 The Collection of Debts**

- 14.6.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.
- 14.6.2 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 permissible.
- 14.6.3 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 quarterly summary report on rental income shall be prepared by the Head of Housing Services, and submitted to the Housing and Property Services Sub Committee.
- 14.6.4 Factoring accounts shall be issued timeously (in accordance with the Factoring Policy) by the Finance Department. A six-monthly report, to be prepared by the Finance Department, shall be presented to the Finance and Corporate Services Sub Committee.
- 14.6.5 All other sums due and outstanding to the Association shall be summarised within the quarterly management accounts. Such sums shall include insurance claims outstanding and rechargeable repairs due to the Association.
- 14.6.6 All procedural documents shall incorporate information on debtor control including the basis for monitoring and reporting sums due.
- 14.6.7 Responsibility for Debtors control within the Association is as follows:-
- (i) Rent Arrears –Head of Housing Services
  - (ii) Factoring Arrears –Finance Director
  - (iii) Insurance Claims outstanding – Senior Property Services Officer
  - (iv) Re-chargeable Repairs –Finance Director, where there is no rent arrears and the Head of Housing Services for cases where the tenant already has rent arrears
  - (v) Scottish Government Grant Claims outstanding – Head of Property Services
  - (vi) All other sums due – As instructed by the Chief Executive.
- 14.6.8 Quarterly Management Accounts shall detail separately, within the Debtors analysis, relevant sums due under each category.



## **14.7 Write Off of Arrears and Debts**

- 14.7.1 Requests to write-off former tenants' rent arrears and related rechargeable costs that are deemed irrecoverable should be managed in accordance with Section 13 of the Association's Rent Arrears Policy and the Rechargeable Repairs Policy.

Requests to write off all other debts in excess of £50 must be referred in writing by the Finance Director for approval by the Finance and Corporate Services Sub Committee. Debts below £50 may be written off with the permission of the Finance Director and will be reported to the Finance and Corporate Services Sub Committee for noting.

## **14.8 Gifts, Benefactions and Donations**

- 14.8.1 The Chief Executive is responsible for maintaining records in respect of gifts, benefactions and donations made to or declined by the Association in accordance with the Association's policy on such matters. The records are administered by the Corporate Services Department.

## **15.0 CASH CONTROLS**

- 15.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.
- 15.2 Procedures for the receipt of funds are detailed in the financial procedures.
- 15.3 Petty cash procedures are detailed in the financial procedures.
- 15.4 All bank accounts must be reconciled to the relevant nominal account by the Finance Assistant at least on a monthly basis. These reconciliations shall be reviewed and certified as accurate by the Senior Finance Officer.
- 15.5 The Finance Assistant shall make arrangements for the safe custody of all banking documents including cheques.

## **16.0 EXPENDITURE**

### **16.1 General**

16.1.1 The Finance Department is responsible for making payment to suppliers of goods and services to the Association.

### **16.2 Authorities**

16.2.1 The head of each section is responsible for purchases within his/her section. Purchasing authority may be delegated to named individuals (or budget holders) within the department. The head of each section shall check actual expenditure against budgeted expenditure before committing expenditure.

16.2.2 The Finance Department shall maintain a register of authorised signatories. Any changes to the authorities to sign must be notified to the Finance Department immediately. Heads of departments must supply the Finance Department with specimen signatures of those authorised to certify invoices for payment.

16.2.3 Authorisation limits, as stated in Appendix 2, shall apply at all times. Where expenditure is part of an approved Development or Maintenance project the Development Agent or Head of Property Services shall be responsible for authorising payments up to the agreed contract price.

### **16.3 Petty Cash**

16.3.1 The Finance Department is responsible for any petty cash floats held at the Association although this will be delegated to other members of staff. Detailed guidance will be issued by the Finance Director and is contained in the Association's financial procedures.

16.3.2 On a monthly basis the petty cash book will be verified by a senior member of staff within the Finance Department.

### **16.4 Purchase of Goods**

16.4.1 Authorisation for the purchase of goods shall be in accordance with limits set out in the register of authorised signatories held by the Finance Department.

16.4.2 Procedures for the checking and payment of goods are set out in the Association's detailed financial procedures and Procurement Policy.

## **16.5 Contracts**

- 16.5.1 Approval and review of the Planned Maintenance programme, in accordance with the budget approved by the Board, is the responsibility of the Housing and Property Services Sub Committee.
- 16.5.2 Procurement and Appointment of Contractors and Consultants is delegated to the Leadership Team, to supply works goods and services up to £100,000 (*excluding VAT but for whole contract cost*) in accordance with budget, business plan and approved programmes. Any tender over £100,000 shall be approved by the Housing and Property Services Sub Committee.
- 16.5.3 Proposals shall be presented in the form of costings or investment appraisals as appropriate for the Board. Investment appraisals should comply with appropriate Scottish Housing Regulator guidance.
- 16.5.4 Procure goods and services up to value of £100,000 in accordance with our Procurement Policy. Leadership Team to have authority subject to procurement rules, taking account of regulated procurement.
- 16.5.5 Following completion of a capital project, the annual procurement report will detail actual expenditure against budget. Documentary evidence concerning the decision-making process should be retained in relation to each contract above £15,000 for audit purposes.

## **16.6 Payment of Invoices**

- 16.6.1 The procedures for making all payments shall be in a form specified by the Finance Department.
- 16.6.2 The Finance Department is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to UK suppliers will normally be made by bank transfer.
- 16.6.3 Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department, electronically where possible.
- 16.6.4 Heads of department are responsible for ensuring that expenditure within their control does not exceed budget. Where expenditure exceeds the specified budget, these overspends will be reported by the Finance Director to the Finance and Corporate Services Sub Committee.

16.6.5 Payments will only be made by the Finance Department against invoices which have been certified for payment by the appropriate head of department or budget holder. Certification of an invoice will ensure that:

- the goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory;
- where appropriate, it is matched to the order;
- invoice details (quantity, price, discount) are correct;
- the invoice is arithmetically correct;
- the invoice has not previously been passed for payment;
- where appropriate, an entry has been made on a stores record or departmental inventory;
- VAT issues have been complied with where they apply;
- analysis code is quoted. This must be one of the analysis codes included in the budget holder's area of responsibility and must correspond with the types of goods or service described on the invoice.

16.6.6 Invoices must be passed to the Finance Department as soon as they have been certified. Care must be taken by the budget holder to ensure that discounts receivable are obtained.

## **17.0 CONTRACTS**

17.1 Per expenditure levels stated in Appendices 2, require the authorisation of the Board. In the main, authorisation of expenditure is undertaken as part of the annual budget process.

17.2 Any material variations to contracts against tender costs require the approval of the Leadership Team. The definition of a material variance is up to a maximum of 10% on any one contract over £50,000, a maximum of 20% on any one contract under £50,000, subject to documented evidence for audit purposes, and £15,000 for associated unbudgeted expenditure.

## **18.0 TENDERING**

18.1 The Board approve the Procurement Strategy. Housing and Property Services Sub Committee approval will be sought for tenders above £100,000. Tender contracts up to £100,000 require approval from the Leadership Team. All works above £15,000 require 3 quotes where possible, regulated procurement above £50,000 for supplies and services and £2M for works. Tendering and awarding of particular contracts will be the responsibility of the relevant sub-committee, or Leadership Team, in line with the values noted above.

## **19.0 SALARIES AND WAGES**

### **19.1 General**

19.1.1 The Finance Director is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents will be in a form prescribed or approved by the Finance Department.

19.1.2 All Association staff will be appointed to the salary scales approved by the Board and in accordance with appropriate conditions of service. All letters of appointment must be issued by the relevant Senior Manager, following consultation with the Head of Corporate Services. The Chief Executive / Head of Corporate Services will be responsible for keeping the Finance Department informed of all matters relating to personnel for payroll purposes.

19.1.3 In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration including normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax, National Insurance, etc.

19.1.4 The Finance Department is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

19.1.5 The Finance Department shall be responsible for keeping all records relating to payroll including those of a statutory nature.

19.1.6 All payments must be made in accordance with the Association's detailed payroll financial procedures and comply with HM Revenue & Customs regulations.

## **19.2 Pensions**

19.2.1 The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

19.2.2 The Finance Department is responsible for all day to day pension matters including the payment of contributions to authorised pension schemes.

## **19.3 Travel, Subsistence and Other Allowances**

19.3.1 All claims for payment of subsistence allowances, traveling and incidental expenses shall be completed in a form approved by the Finance Director.

19.3.2 Claims by members of staff must be certified by their line Manager, (and by the Chief Executive in the case of the Senior Managers). Certification shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Association. For further details please refer to the Association's Entitlements, Payments and Benefits policy, which includes travel, subsistence and other allowances associated with Board members.

## **20.0 ASSETS**

### **20.1 Asset Register**

20.1.1 The Association shall maintain a fixed asset register detailing all furniture, fittings and equipment 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 held by the Finance Team.

- 20.1.2 The organisation shall undertake ad-hoc reviews of the register to verify continued ownership and existence of these fixed assets. This task shall be undertaken by the Corporate Services Officer/Senior Finance Officer/IT Manager with the Finance Department carrying out an annual review.
- 20.1.3 Maintenance contracts shall be entered into for such fixed assets as appropriate and a separate register shall be held by the Association. Details to be inserted on the register include service provider, start date, termination date, asset being maintained and cost. This register shall be updated on a quarterly basis by the Corporate Services Officer/Senior Finance Officer/Senior Property Services Officer.
- 20.1.4 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to Finance and Corporate Services Sub Committee.
- 20.1.5 The Finance Department is responsible for maintaining the Association's register of land and buildings.

## **20.2 Asset Disposal**

- 20.2.1 Disposal of equipment and furniture must be in accordance with procedures agreed by Finance and Corporate Services Committee and contained in the detailed financial procedures.
- 20.2.2 Disposal of land and buildings must only take place with the authorisation of the Board. Scottish Housing Regulator consent may also be required, depending on the materiality of the disposal.

## **21.0 TREASURY MANAGEMENT**

- 21.1 The Board is responsible for approving a treasury management policy statement (based on SfHA's *Treasury Management Guidance, 2022*) setting out strategy and policies for cash management, long term investments and borrowings. The Finance and Corporate Services Sub Committee has a responsibility to ensure implementation, monitoring and review of such policies.

- 21.2 All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Finance and Corporate Services Sub Committee, making recommendations for change to the Board and an appropriate reporting system established. All borrowing and investments shall be in the name of the Association and shall conform to any relevant regulatory requirements. The Finance Director and members of the finance team are required to act in accordance with the Association's treasury management policy statement as approved by the Finance and Corporate Services Sub Committee.
- 21.3 The Finance Director will report to the Finance and Corporate Services Sub Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her including monitoring compliance.

## **22.0 INSURANCE**

- 22.1 The Finance Director is responsible for effecting insurance cover for all Association property. He or she is therefore responsible for obtaining quotes/ managing the tender process. The Property Services section is responsible for negotiating claims and maintaining the necessary records in respect of claims for Housing Property. They will also deal with the Association's insurers and advisers about specific insurance problems.
- 22.2 Heads of department must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Association may be exposed. The Finance Director's advice should be sought to ensure that this is the case. Heads of department must give prompt notification to the Finance Director of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.
- 22.3 Staff should advise the Senior Property Services Officer or Finance Department immediately, of any event which may give rise to an insurance claim. The Senior Property Services Officer or where appropriate, the Finance Director will notify the Association's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.



- 22.4 The Finance Department will keep a record of all insurances affected by the Association and the property and risks covered.
- 22.5 The Senior Property Services Officer is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 22.6 All staff using their own vehicles on behalf of the Association shall maintain appropriate insurance cover for business use.

### **23.0 HOSPITALITY**

- 23.1 The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Association's code of practice on hospitality.
- 23.2 Members of the Board and members of staff should refuse all material hospitality and gifts offered by an individual or company that does or could provide services to the Association where they are offered as an inducement to secure favour. Any hospitality or gifts that are accepted must be recorded in the Register of Interests of members of the Board or the Register of Interests of staff, as appropriate.

### **24.0 PAYMENTS, BENEFITS & DECLARATIONS OF INTEREST**

- 24.1 Legislation does not restrict or prohibit payments and benefits to governing body members and employees.
- 24.2 The Association's approach to all such matters is noted within the Association's Entitlements, Payments and Benefits policy.

### **25.0 DONATIONS**

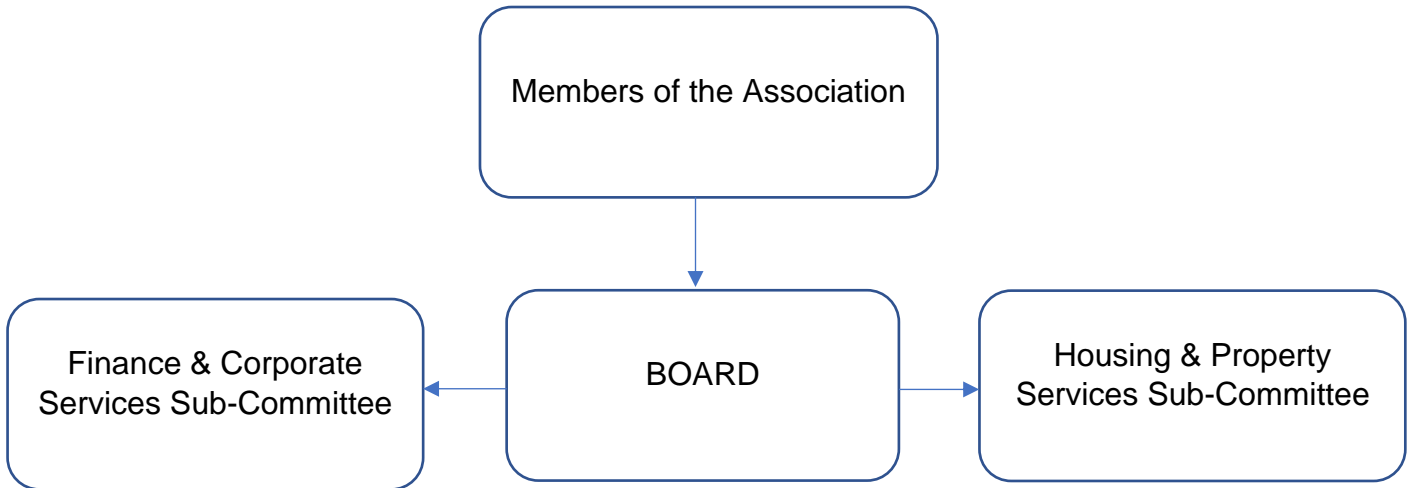
- 25.1 The Association's approach to donations is detailed within the Donations Policy.

## **26.0 EXPENDITURE AUTHORISATIONS**

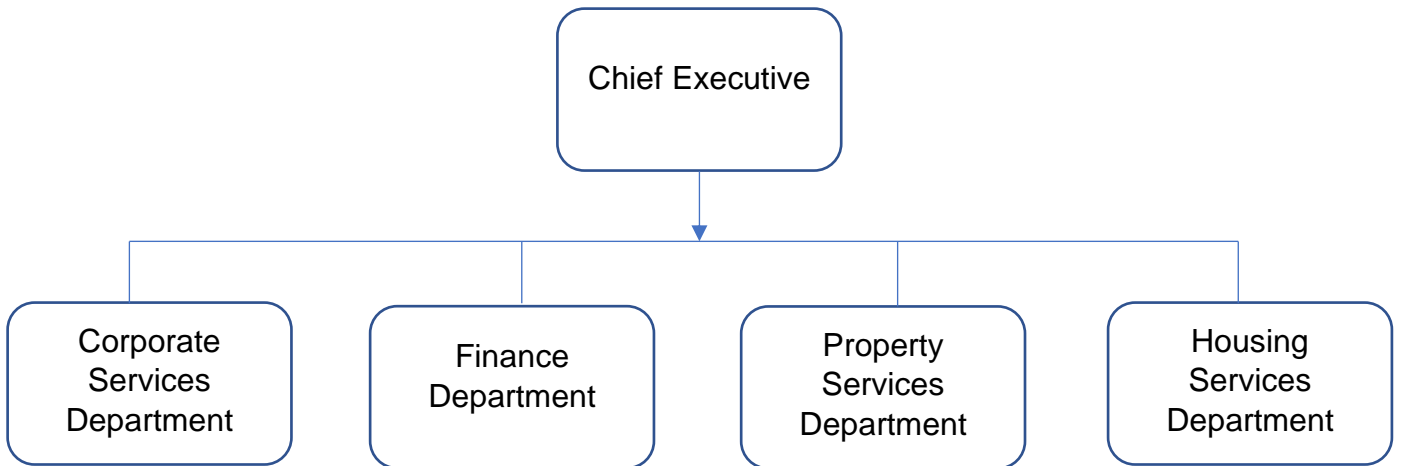
- 26.1 The Board approve budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets. In addition, staff have authority to spend within agreed project funding approvals on development and capital projects.
- 26.2 There are three levels of procedures involved in authorising expenditure.
- a) taking on the commitment to spend
  - b) approving the invoice after goods or services received
  - c) certification that the expenditure is arithmetically correct (specified within financial procedures)
- 26.3 Full details of authorisation limits for Cloch Housing Association staff are detailed in Appendix 3.

**APPENDIX 1**

**BOARD STRUCTURE**



**STAFF STRUCTURE**



## APPENDIX 2 - AUTHORISATION LIMITS

<b>PERSONS AUTHORISED TO ORDER GOODS/SERVICES</b>	<b>EXPENDITURE AUTHORISATION LIMIT</b>	<b>INVOICE AUTHORISATION LIMIT</b>
Clerical Grades	Nil	Nil
<u>Assistant Grades:</u> Customer Connectors Assistant Housing Officer Maintenance Assistant Corporate Services Assistant Finance Assistant IT Assistant	Up to £500	Nil
<u>Officer Grades:</u> Housing Officer Property Services Officer Corporate Services Officer/Project Officer Technical Officer	Up to £2,500	Up to £2,500
<u>Senior Officer Grades:</u> Senior Housing Officer Senior Property Services Officer Project Manager Customer Connections Team Leader IT Manager	Up to £3,500	Up to £3,500

Heads of Department Grades	Up to £10,000	Up to £10,000
Finance Director	Up to £10,000	Up to £15,000
Chief Executive	Up to £15,000 (Minimum of 3 Quotations, where possible)  Regulated procurement over £50k for supplies and services, £2M for works	To quote / tender level
Sub Committees	Formal Tenders Over £100,000	N/A

<b>CHEQUE AUTHORISERS</b>
PERSONS AUTHORISED TO SIGN CHEQUES: 2 x Authorised Bank Signatories

<b>BACS AUTHORISERS</b>
<b><u>First Level Approvers:</u></b> Finance Assistant Senior Finance Officer Finance Director <b><u>Second Level Approvers:</u></b> Senior Finance Officer Finance Director Heads of Department Chief Executive Grade 6 or above within finance department
Transfers between bank accounts can be approved by any grade 6 or above within the finance department, or as noted above. 2 step approval needed.

**APPENDIX 3**

**FINANCE TEAM STRUCTURE – As of 01/04/2023**

