

# **TOLLCROSS HOUSING ASSOCIATION LIMITED**

## **Financial Regulations**

**April 2021**

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## **1. INTRODUCTION**

- 1.1 This document sets out the Association's financial regulations which form part of the overall policy framework for managing and controlling the business. It translates the Association's broad policies relating to financial control into practical guidance.
- 1.2 The Financial Regulations were approved by the Management Committee on 26 April 2021.

## **2. STATUS OF FINANCIAL REGULATIONS**

- 2.1 The financial regulations form part of the overall system of financial and management control. The rules of the Association, the standing orders and remits of the Management Committee and Sub-Committees outline how the Association will be controlled and run.
- 2.2 Compliance with the financial regulations is compulsory for all staff connected with the Association. It is the responsibility of the Leadership Team to ensure that the staff are made aware of the existence and content of the Association's financial regulations and copies are available for reference within each department.
- 2.3 The Management Committee is responsible for reviewing the Financial Regulations at least once every three years.
- 2.4 The Association's detailed financial procedures set out how the regulations will be implemented and are contained in a separate manual. It is the Finance Director's responsibility to review and maintain the financial procedures and ensure copies are made available to all departments.

## **3. FINANCIAL CONTROL**

### **The Management Committee**

- 3.1 The Management Committee has ultimate responsibility for the Association's finances. Its 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's standards of Governance and Financial Management for RSL's;
  - to ensure compliance with the terms of the loan agreement;
  - to ensure compliance with the treasury management policy;
  - to ensure that financial control systems are in place and are working effectively and to receive periodic assurance reports from the internal auditor;
  - to approve the Association's business plan;

- to approve the annual budget and five year financial projections;
- to approve the annual rent and service charge increases;
- to approve the annual financial statements;
- to ensure that all statutory and regulatory returns are completed within required time periods;
- to monitor overall performance;
- to recommend to the annual general meeting (AGM) the appointment of the Association's auditors.

3.2 The Management Committee has delegated some responsibilities for finance to the Audit and Business Sub Committee and staff as set out below:

### **Audit and Business Sub Committee**

3.3 The Audit and Business Sub Committee has delegated responsibility for overseeing the internal and external audit arrangements of the organisation. This includes responsibility for reviewing the appointment of auditors and for ensuring appropriate internal audit arrangements are in place covering the key risk areas of the Association's business.

3.4 The roles and responsibilities of the Audit and Business Sub Committee are set out in its remit, within the Association's standing orders.

### **The Chief Executive**

3.5 The Chief Executive is responsible for the operational management of the Association's affairs and is jointly responsible with the Finance Director for financial viability. The Chief Executive assists the Management Committee in determining its strategic objectives and promotes the achievement of these objectives through the effective deployment of the Association's resources.

### **The Finance Director**

3.6 The Finance Director is responsible for the day to day administration and control of the finance department. Key financial responsibilities include:

- financial planning;
- co-ordination and preparation of the annual budget;
- preparing management accounts, annual financial statements and other financial information and where applicable submitting these to the Scottish Housing Regulator, lenders and other bodies;
- preparing appraisals for major investment decisions;
- ensuring the Association maintains satisfactory financial systems and records;
- providing advice to the Management Committee on matters relating to financial policies and procedures, financial viability, treasury management and assessment of financial risk;
- preparing detailed financial procedures.

### **The Leadership Team**

- 3.7 The members of the Leadership Team are responsible for financial management in their own individual areas and are advised by the Finance Director in executing these duties.
- 3.8 The members of the Leadership Team are responsible for establishing and maintaining clear lines of responsibility for financial matters within their individual sections.

### **Budget Holders**

- 3.9 Designated budget holders will have authority to incur expenditure for which they have responsibility.

## **4. BUDGETS AND FINANCIAL PLANNING**

### **Annual Budget**

- 4.1 The Association will prepare an annual budget incorporating estimates for revenue and capital income and expenditure.
- 4.2 The budget should take into account the financial implications of the Association's operational and strategic objectives which are set out within the Internal Management Plan. The Internal Management Plan and the budget form part of the Association's approach to the management of the business.
- 4.3 The annual budget will include detailed projections for the coming financial year.
- 4.4 The budget process will also run concurrently with, inform and be informed by the rent setting process.
- 4.5 Outline budgets should be prepared and presented to the Management Committee no later than 2 months before the start of the financial year. The budget will support the Association's annual rent increase, service and factoring charges reviews.
- 4.6 The annual approved budget has to be made available to lenders in accordance with the terms set out in their loan documents.
- 4.7 A recommendation on the following years rent and service charge increases will be decided at this stage in the process for initial consultation with tenants and sharing owners.
- 4.8 A recommendation on the following year's factoring management fee will also be decided at this stage.

- 4.9 All budget holders will provide the necessary financial and other relevant information to the Finance Director within agreed timescales.
- 4.10 Once approved, the budget will then act as the basis of authority to incur expenditure within agreed budget limits by the approved budget holders and in accordance with delegated authority set out within these financial regulations and detailed financial procedures.
- 4.11 The budget will also act as a means of control by providing a basis for comparison of budgeted and actual results for income and expenditure throughout the course of the year and from one year to the next.
- 4.12 The annual budget should be presented in a format agreed by the Management Committee and should include the following information:
- Details of key assumptions
  - Statement of Comprehensive Income
  - Projected Statement of Financial Position
  - Income and expenditure from social letting activities
  - Income and expenditure from other activities
  - Analysis of management and administration costs
  - Cashflow projection
  - A summary of the financial performance as measured against agreed performance indicators, lenders financial covenants and the business plan

### **Five Year Financial Projections**

- 4.13 The annual budget will form the basis of a medium term five year financial plan on the basis of similar assumptions and key trends continuing. Material changes in assumptions between the annual budget and five year financial projections should be identified and presented to the Management Committee.
- 4.14 Budget holders will provide the necessary financial and other relevant information to the Finance Director within agreed timescales.

### **Longer Term Financial Planning**

- 4.15 The Association will prepare long term financial projections normally covering a 30 year period. These will form an integral part of the Business Plan and will take account of the Association's future strategy and investment needs of the houses derived from stock condition information and the need for all the Association's houses to meet any known future Government targets.
- 4.16 The long term financial planning model will be capable of being subjected to sensitivity analyses on a range of key assumptions and risks such as changes in rent levels, interest and inflation rates, property sales and changes to the development and planned maintenance programmes.

- 4.17 The approved long term plan must be submitted to lenders not less than 60 days after the beginning of each financial year.
- 4.18 The long term plan will be updated and reviewed following completion of the annual budget. Material changes in assumptions between the annual budget and long term plan should be identified and presented to the Management Committee.

## **5. BUDGETARY CONTROL AND FINANCIAL REPORTING**

- 5.1 The control of income and expenditure is the responsibility of the designated budget holder who must ensure that effective monitoring is undertaken.
- 5.2 For the Association's finances to be properly monitored and controlled, a framework of financial reports will be established for the Management Committee. Detailed below are the key financial reports prepared for the Management Committee or appropriate sub-committee on a regular basis:
- Quarterly management accounts including a Statement of Comprehensive Income, Statement of Financial Position, variance analysis, performance indicators and commentary;
  - Monthly rent arrears report;
  - Quarterly factoring arrears report;
  - Quarterly sundry debtors (recharges and legal costs);
  - Quarterly void report;
  - Details of reactive maintenance expenditure compared to budget;
  - Details of cyclical and planned maintenance expenditure compared to budget;
  - Quarterly analysis of development expenditure, HAG and other grants received, private finance and overall summary of expenditure to date against grant planning targets;
  - Analysis of expenditure on wider role projects against grant received.
- 5.3 The content, range and format of reports will be reviewed on a regular basis and proposed changes approved by the Management Committee or appropriate sub-committee

## **6. ANNUAL FINANCIAL STATEMENTS**

- 6.1 The Finance Director is responsible for the preparation of the Association's annual financial statements.
- 6.2 The Finance Director will:
- a) ensure that the financial statements are prepared in accordance with the latest Statement of Recommended Practice for RSL's (SORP) as issued by the Financial Reporting Council, UK Generally Accepted Accounting Principles and guidance issued by the Scottish Housing Regulator;

- b) ensure that the financial statements are submitted to all relevant bodies within the statutory time period. This will normally require the financial statements to be approved by the Management Committee at least 3 weeks prior to the Annual General Meeting which shall be held within 6 months of the financial year end;
- c) ensure that the lenders and the Scottish Housing Regulator receive the audited financial statements within 180 days of the end of each financial year.

## **7. AUDIT**

### **Audit and Business Sub Committee**

7.1 In accordance with the Scottish Housing Regulator's guidance the Association has established a separate, independent Audit and Business Sub Committee which is responsible for overseeing:

- internal and external audit services;
- the financial reporting systems and processes;
- compliance with the financial regulations;
- compliance with lending covenants and information requirements;
- compliance with the regulators information requirements;
- the accounting and internal control systems of the Association;
- that satisfactory arrangements are in place to promote economy, efficiency and effectiveness;
- all internal audit reports prepared by the internal auditor, agreeing action plans to address areas of concern and reporting annually on outcomes to the Management Committee.

### **External Audit**

7.2 The appointment of external auditors takes place annually at the AGM and it is the Management Committee's responsibility to make a recommendation on appointment to the members.

7.3 On appointment, the content of the external auditor's engagement letter should be clearly discussed and agreed with the Chief Executive and Finance Director in order that there is a clear understanding of the external auditor's responsibilities. This engagement letter should be reviewed at least every three years to ensure that it is still appropriate.

7.4 The Association will ensure that its annual financial statements are properly audited in accordance with the requirements of relevant statute and the United Kingdom Auditing Standards, generally accepted accounting and audit practice and in compliance with the Association's rules.

7.5 The Association shall grant the auditor access to the Association's premises, access to all assets, records, documents and correspondence relating to financial and other transactions and provide explanations as necessary for any matter under examination.

- 7.6 The auditor shall discharge their reporting responsibilities as set out within the terms of engagement and in accordance with relevant Codes of Audit Practice and Auditing Standards. On completion of the audit, the auditor will issue an audit report with an opinion on the financial statements and a management letter which shall be presented to the Management Committee outlining any areas of concern identified as part of the audit process.
- 7.7 Each year the Audit and Business Sub Committee will review the effectiveness of the external audit and ensure that the auditors' work is of a sufficiently high standard and reasonably priced.
- 7.8 The Association undertakes to review the appointment of its external auditors at least every seven years.

### **Internal Audit**

- 7.9 The Association will appoint internal auditors to appraise and report on:
- the adequacy of and compliance with systems, policies and procedures for ensuring proper financial and management control;
  - the extent of such compliance and the potential impact on the Association, both financial and other, of material areas of non compliance;
  - the extent to which the Association's assets and operations are safeguarded from losses of all kinds arising from fraud, waste, extravagance, inefficient administration or poor value for money;
  - the efficient use of resources.
- 7.10 The internal audit function is independent in its planning and operation and has direct access to the Management Committee and Leadership Team.
- 7.11 The Association shall grant the auditor access to the Association's premises, access to all assets, records, documents and correspondence relating to financial and other transactions and provide explanations as necessary for any matter under examination.
- 7.12 The scope and frequency of the programme of internal audit shall be agreed by the Audit and Business Sub Committee.
- 7.13 The Internal Auditor will report regularly to the Audit and Business Sub Committee and shall attend such meetings to discuss the findings of each audit.
- 7.14 The Association undertakes to review the appointment of its internal auditors at least every three years.

## **8. INCOME**

- 8.1 The Finance Director is responsible for ensuring that appropriate procedures and controls are in operation to enable the Association to receive all the income to which it is entitled. The format of all receipt forms, payment cards, invoices etc in use will be approved by the Finance Director.
- 8.2 The Housing Director is responsible for implementing procedures for the collection, monitoring and reporting of rental income and service charge income.
- 8.3 The Finance Director is responsible for implementing procedures for the processing and reconciliation of rental income and service charge income.
- 8.4 The Finance Director is responsible for implementing procedures for the collection, processing, reconciliation, monitoring and reporting of factoring income.
- 8.5 The Finance Director is responsible for ensuring that all grants due are claimed and recorded in the Association's accounts.
- 8.6 The Finance Director is responsible for ensuring that all claims for funds are made by the due date.
- 8.7 Invoices will be raised promptly in respect of income due.

## **9. BANKING ARRANGEMENTS**

- 9.1 The Management Committee is responsible for:
- approving and reviewing the Association's bankers
  - approving authorised signatories to all accounts held
  - approving the opening or closing of bank accounts
  - approving authorised company credit card holders and card limits
- 9.2 All bank accounts will be in the name of the Association.
- 9.3 Cheques will be ordered on the authority of the Finance Director who will make necessary arrangements for their recording and safe custody.
- 9.4 All monies received will be paid intact into the Association's bank at intervals approved by the Finance Director. Disbursements shall not be made from cash received. Written procedures shall be established covering arrangements for the banking of monies which shall take into account the personal safety of staff.
- 9.5 The Finance Director will ensure appropriate systems and procedures are established for the recording of all monies received by the Association.

- 9.6 The Finance Director is responsible for ensuring that all bank accounts are reconciled regularly and subject to independent reviews and that large or unusual items are investigated as appropriate.
- 9.7 Where payments for goods or services are made by direct bank transfer, Bankers Automated Clearing System (BACS) and CHAPS, the Finance Director will ensure that appropriate security and internal control procedures are implemented and reviewed on a regular basis.
- 9.8 All employees involved in cheque handling or control should note that:
- a) under no circumstances will any of the Association's cheques be altered. Any cheque which has been altered will be treated as attempted fraud;
  - b) requests to issue or re-issue a cheque to another payee will normally be refused. The Association is required to pay its creditors but not to settle affairs on their behalf. Exceptions will require the approval of the Finance Director;
  - c) where a creditor reports the non receipt or loss of a cheque, the Finance Department will check whether the cheque has been cashed and if cost effective, put a 'stop' on it with the bank. Replacement cheques will be issued only in those cases where cheques have not been cashed and have been stopped by the bank.
- 9.9 Cash resources of the Association shall not be used for personal purposes or for the cashing of personal cheques.
- 9.10 The cash resources of the Association will be used in accordance with the Treasury Management Policy.

## **10. BUDGET HOLDERS' RESPONSIBILITIES**

- 10.1 Designated budget holders will be approved by the Leadership Team.
- 10.2 Only designated budget holders will have authority to incur expenditure.
- 10.3 Designated budget holders can only incur expenditure for which they are responsible.
- 10.4 Where expenditure is expected to exceed approved budget limits and cannot be vired across other budget headings as outlined later in these Regulations, then the budget holder will bring such cost overruns to the attention of the Finance Director and in turn to the Management Committee, normally as part of the quarterly management accounts together with proposals for managing the overspend.
- 10.5 Details of expenditure authorisation limits and budget holders are contained in Appendices 3 and 4.

- 10.6 In the absence of a budget holder to authorise expenditure to be incurred in accordance with these Regulations, the immediate line manager, failing which a member of the Leadership Team, shall assume the responsibilities of the budget holder.
- 10.7 No expenditure, capital or revenue, will be incurred without adequate provision in the budget unless authorised by the Management Committee.
- 10.8 Budget holders will normally be responsible for checking the coding of expenditure for which they are responsible, to the relevant expenditure and cost centre code for accounting purposes. Details of these codes and cost centres are available from the Finance Department.
- 10.9 Detailed procedures to be followed by all staff involved in the ordering of goods and checking and authorisation of expenditure are set out within the financial procedures.

## **11. EXPENDITURE: AUTHORITIES, ORDERING OF GOODS AND SERVICES, QUOTATIONS AND TENDERS**

### **Authorities**

- 11.1 The section below applies to all categories of expenditure incurred by the Association.
- 11.2 The Leadership Team is responsible for approving budget holders and staff with responsibility for instructing, checking or approving expenditure.
- 11.3 The Chief Executive shall have authority to instruct expenditure in emergency situations up to the value of £20,000. If above £20,000, the approval of the Chairperson or Vice Chairperson will also be required. Expenditure approved in such situations, whether within or in excess of approved budget limits, shall be reported to the next Management Committee meeting. It is recognised that in these circumstances the requirement to seek quotations or issue tenders may require to be set aside.

### **Ordering of Goods and Services**

- 11.4 Only approved budget holders or staff so delegated are authorised to commit expenditure on behalf of the Association.
- 11.5 All goods and services except for petty cash purchases, supplies of certain services (e.g. gas, electricity, telephone, rent and rates) and exemptions approved by the Finance Director will be ordered through:
- a) an authorised purchase order or works order, or
  - b) a written acceptance of a quotation or tender.

## **Quotations**

- 11.6 Where the supply of goods or service is below £5,000 (excl VAT) in value, email quotations will be sought or reference will be made to suppliers' price lists or schedule of rates.
- 11.7 Where the supply of goods or services is estimated to be above £5,000 (excl VAT) but below £10,000 (excl VAT) in value, competitive quotations from at least 3 suppliers will be sought. Exclusions apply – see 11.11 below.
- 11.8 Competitive quotations must be in writing and be retained on file in line with the Data retention Policy.
- 11.9 The procurement of goods or services will not be subdivided into smaller lots to circumvent the requirement to obtain competitive quotations or tenders.

## **Tenders**

- 11.10 Where the supply of goods and services is estimated to be above the specified limits set for quotations in 11.7 above (i.e. £10,000 excl VAT) or in such other circumstances where best practice recommends periodic tendering of services, for instance audit or legal services and insurance, then procurement will be carried out through tendering, in accordance with the provisions of the Association's separate Procurement Policy.

## **Exclusions**

- 11.11 Competitive tenders and quotations will not be required in the following circumstances:
- a) where the repair of a particular item of equipment can only be carried out by the manufacturer;
  - b) where the supply is for goods or services of a specialist nature and an alternative may not be available;
  - c) a contractor or supplier's specialist knowledge is required;
  - d) in an emergency situation;
  - e) in other cases where negotiation with a single supplier has been approved by the Management Committee. In such circumstances it will be necessary to demonstrate that the Association will receive value for money from the purchase.
- 11.12 Where goods and services are supplied in these circumstances, the advance written authorisation of the Chief Executive or Finance Director is required in cases (a), (b) and (c) and in retrospect in the case of (d) by the Management Committee.

## 12. EXPENDITURE ON DEVELOPMENT PROJECTS

- 12.1 Capital expenditure on development projects can only be incurred in the following circumstances.

### **Projects approved by the Management Committee and Offer of Grant in Place**

- 12.2 The project has been approved by the Management Committee and the expenditure has been agreed as an eligible cost of the project by the funding body and is covered by an Offer of Grant.

### **Projects approved by the Management Committee but Offer of Grant not in Place**

- 12.3 The project has been approved by the Management Committee and the expenditure relates to normal pre-tender costs which have been agreed in writing as an eligible cost by the funding body but is not yet covered by an Offer of Grant.

Expenditure incurred in these circumstances will be limited to £30,000 per project and approved by the Chief Executive. Expenditure above this level will require the approval of the Management Committee.

### **Projects not approved by Management Committee or Grant Funding Body**

- 12.4 Expenditure under this category shall be limited to essential exploratory costs e.g. site survey and shall not exceed £15,000 per annum without recourse to the Management Committee.

- 12.5 Initial approval of all development projects will be sought from the Management Committee. Approval of development projects will require:

- a statement which demonstrates the project's consistency with the Association's long term strategy;
- a financial and risk evaluation of the project which complies with regulatory guidance on options and investment appraisals;
- an assessment of the project's impact on the Business Plan and covenant compliance both in the short and long term;
- a demonstration of compliance with normal tendering procedures, the Association's Policy on Procurement and relevant guidance from the Scottish Housing Regulator.

### **13. PAYMENT OF ACCOUNTS**

- 13.1 Payments will only be made against invoices or requests for payments which have been authorised for payment by the appropriate budget holder, line manager or member of the Leadership Team.
- 13.2 Payments to suppliers will normally be made by bank transfer within 30 days of receipt of an invoice.
- 13.3 Passing 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 correct VAT rate has been applied;
  - the invoice has not previously been passed for payment;
  - an analysis code is quoted and the invoice has been posted to the correct purchase ledger account.
- 13.4 In all cases of expenditure the same officer should not be solely responsible for each stage of the expenditure process – placing the ordering, authorising the invoice and authorising the electronic or cheque payment. This is an essential internal control to ensure adequate segregation of duties among staff with responsibilities for ordering, checking or approving for payment. Where this is not possible, a second member of the Leadership team must countersign the invoice
- 13.5 Copy invoices will only be paid in the following circumstances:
- a) the Finance Department confirms that payment has not previously been made;
  - b) the invoice is printed on the suppliers letterhead;
  - c) the relevant invoice is authorised by the relevant budget holder.

### **14. PAYROLL, TRAVEL AND SUBSISTENCE**

- 14.1 All Association staff will be appointed to the salary scales approved by the Management Committee and in accordance with staff conditions of service. All staff members will be issued with a letter of appointment from the Chief Executive.
- 14.2 Employee salaries, travel expense claims and claims for subsistence and overtime will be paid through the payroll system via BACS. In exceptional circumstances payments may be made by cheque.
- 14.3 Certified claims for travel or subsistence expenses and overtime payments will be submitted to the Finance Department by agreed dates using the prescribed forms for this purpose. Details of staff authorised to approve

expenses and overtime claims on behalf of colleagues are set out within the Financial Controls and Procedures.

- 14.4 The Management Committee is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The Finance Director is responsible for day to day pension matters including payment of contributions, notifications and returns to pension schemes.
- 14.5 Authorising an expense claim indicates that the certifying member of staff is satisfied that the expenses were necessarily incurred on Association business.
- 14.6 The Corporate Services Director will notify the Finance Officer responsible for payroll of all matters affecting emoluments including:
- a) appointments, resignations, dismissals, secondments and transfers;
  - b) changes in remuneration;
  - c) absence due to sickness or maternity leave or other reason.
- 14.7 The Finance Director is responsible for keeping all records relating to payroll including those required by legislation.

## **15. MANAGEMENT COMMITTEE EXPENSES**

- 15.1 Management Committee members are entitled to payment of travel and other expenses relating to attendance at Management Committee meetings and approved business. Management Committee members are required to submit claims using the prescribed claim form and where appropriate provide receipts in support of expenses claimed.
- 15.2 Fuller details of the procedures for the approval and reimbursement of expenses to Management Committee members are set out within the Management Committee Members Expenses Policy and procedure note covering Management Committee expenses.
- 15.3 Management Committee expenses will be authorised by the appropriate member of the Leadership Team and will normally be reimbursed to Management Committee members by bank transfer or from petty cash.

## **16. VIREMENT**

- 16.1 Virement is the process whereby overspends of expenditure in one budget heading may be offset against underspends in another budget heading.
- 16.2 Virement of sums will be permitted as follows without recourse to the Management Committee:
- a) The Chief Executive will have authority to vire sums of £10,000 or less between reactive, cyclical and major repairs budgets

- b) The Chief Executive or Finance Director will have authority to vire sums of £5,000 or less between all other categories of budgets headings.

Virement required outwith these limits will require approval of the Management Committee.

## **17. ASSET REGISTER AND SECURITY**

- 17.1 An asset register of all properties owned will be maintained by the Finance Director.
- 17.2 The Finance Director will be responsible for ensuring a separate fixed asset register is maintained by the Finance Department recording all non housing assets owned by the Association such as fixtures, fittings, office premises and computer equipment.
- 17.3 Disposal of land and buildings may only take place with the agreement of the Management Committee and may require the consent of the Scottish Housing Regulator.
- 17.4 Disposal of equipment and furniture must be in accordance with agreed procedures.

## **18. RETENTION OF FINANCIAL DOCUMENTS**

- 18.1 The Finance Director is responsible for the retention of financial documents. These will be kept in a form acceptable to the relevant authorities. There are certain requirements imposed by HM Revenue and Customs which must be adhered to.
- 18.2 The Association is required by law to retain prime documents for six years. These include
- suppliers invoices, orders, delivery notes and credit notes
  - sales invoices
  - bank statements and pay in books
  - all books of prime entry e.g. cash book, ledgers, petty cash records
  - cash received records
  - annual accounts
  - payroll records
- 18.3 A number of documents may be kept permanently e.g. signed loan agreements and offers of grant.
- 18.4 All such documents shall be held in an appropriate and secure location.
- 18.5 The Association should ensure that they have proper back up for all financial records and that these are retained in line with the Data Retention Policy

## **19. INSURANCE**

- 19.1 The Finance Director has overall responsibility for ensuring adequate and appropriate insurance cover is in place.
- 19.2 The Finance Director will ensure that a summary of existing and proposed insurance cover and requirements is prepared annually and reported to the Management Committee. The Management Committee shall agree the insurance cover requirements on an annual basis and may appoint insurance brokers to act on the Association's behalf.
- 19.3 The extent of any self insurance (excess) for specific areas of risk shall also be reviewed annually by the Management Committee with reference being made to the Association's overall risk management strategy (see separate document).
- 19.4 Staff should notify the appropriate officer immediately of any loss of property or any incident or potential liability, including claims for new build developments which may be met through the insurance provider, in accordance with the procedure note covering insurance claims administration.
- 19.5 Staff should notify the Finance Director in writing of any new risks, properties or assets which require to be insured together with details of any alterations affecting existing insurance policies.

## **20. FRAUD**

- 20.1 A fraud register will be maintained by the Finance Director in which details of losses will be recorded.
- 20.2 There is a detailed procedure on the recording and reporting of incidents of fraud, loss or theft.
- 20.3 Any member of staff discovering or suspecting fraud, loss or theft of any kind should immediately notify their line manager who should then in turn advise the Finance Director. The Management Committee and the police will be notified as required.

## **21. PETTY CASH**

- 21.1 Petty cash shall be held in a secure and lockable cashbox. The staff member or their substitute responsible for petty cash shall be responsible for its safe custody during working hours. To comply with the requirements of the Association's insurance cover, petty cash must be held overnight in a safe or a secure location agreed with the Finance Director.
- 21.2 Payments will be limited to minor items of expenditure normally under £100 and shall be supported by valid receipts.

- 21.3 Finance Officers will be able to authorise petty cash disbursements up to a value of £300 having first referred to individual budgets. Disbursements in excess of £300 must be authorised by the Finance Director or another member of the Leadership team in his absence.
- 21.4 A summary of petty cash disbursements will be prepared by the Finance Department and circulated to budget holders on a monthly basis.
- 21.5 Expenditure and cheques drawn for reimbursement of petty cash will be recorded in a petty cash book.
- 21.6 Weekly reconciliation of the petty cash book to cash in hand shall be performed by the responsible officer and from time to time spot checks may be carried out by the Finance Director or Senior Finance Officer or during an audit.
- 21.7 There is a separate detailed procedure covering the recording, reimbursement, control and reconciliation of petty cash.

## **22. BAD DEBTS**

- 22.1 The Finance Director and Housing Director are required to review all categories of debt and identify debts where all possible methods of recovery have been exhausted and decide whether an amount will not be recovered. This should be done on an annual basis or more frequently, if possible.
- 22.2 Criteria for writing off housing related debts are set out within the relevant Housing Management Former Tenant Arrears policy.
- 22.3 The Management Committee shall receive an annual report of debts proposed for write off. This report shall be presented in sufficient time to allow the value of proposed write offs to be reflected in the annual accounts for that year.
- 22.4 The Finance Director and Housing Director have delegated authority to write off incidental debit and credit balances not exceeding £10 at any time in the financial year.

## **23. TREASURY MANAGEMENT**

- 23.1 Treasury Management covers the management of all surplus funds and all borrowings, both short and long term.
- 23.2 Effective treasury management should aim to maximise the Association's returns on available funds, minimise the cost of borrowings and limit the Association's exposure to risk. In balancing risk against return, the Association is more concerned to avoid risk than to maximise return.

- 23.3 The Association has a separate policy on Treasury Management which sets out the Association's approach in more detail including:
- a) approved methods for raising private finance;
  - b) approved list of lenders;
  - c) guidelines for achieving a balanced loan portfolio;
  - d) guidelines for the investment of surplus funds;
  - e) approved list of investing institutions;
  - f) details of delegated authority for staff and committee.

## **24. PERFORMANCE INDICATORS**

- 24.1 The Association shall use the Scottish Housing Regulator's Standards of Governance and Financial Management as its benchmark.
- 24.2 The Management Committee shall agree the list and definition of those measures of financial performance to be used by the Association in monitoring its financial position from one year to the next.
- 24.3 The Leadership Team will ensure appropriate systems and procedures are established for ensuring the completeness and accuracy of this area of financial performance information.

## **25. RISK ASSESSMENT**

- 25.1 Two definitions of risk are set out below: (ref: 'SFHA Raising Standards' Chapter 17 on Risk Management)
- a) " Risk can be defined as any event or action that prevents an RSL from maintaining good performance and/or from meeting pre-set targets, goals and plans and/or results in loss being incurred by that RSL"
  - b) " Risk Management is the process whereby an RSL can maximise good performance, maximise ability to achieve targets, goals and plans and minimise losses"
- 25.2 The Association has a risk management strategy outlining its approach to the management of both financial and non financial risk in line with the requirements of the Scottish Housing Regulator.
- 25.3 The Leadership Team will report six monthly to the Management Committee on the key risks facing the Association, the risk control measures proposed and the lead staff responsible for monitoring and reviewing each area. Periodic risk reviews will be carried out throughout the year by designated staff.
- 25.4 Risk Management is considered an integral part of the Association's business planning process.

- 25.5 All proposals for new contracts, agreements, development projects, other significant new ventures or departures from policy and practice will be subjected to a full assessment of the likely risks involved before deciding whether and how to proceed. A statement covering the assessment of risk in such circumstances will be included in the report for decision by the Management Committee.

## **26. SECURITY**

- 26.1 The Leadership Team is responsible for maintaining security for all buildings, stock, furniture, equipment and cash under its control.
- 26.2 The Finance Director is responsible for maintaining proper security and privacy of financial information and is assisted in this duty by the Leadership Team.
- 26.3 Access to areas where data is stored will be restricted to authorised persons. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018 (or subsequent versions)

## **27. SECURITY OF DOCUMENTS**

- 27.1 The Leadership Team is responsible for the safekeeping of official and legal documents relating to the Association.
- 27.2 Signed copies of deeds, leases, agreements and contracts must be held in an appropriately secure, fire proof location and where possible a copy held in a separate location.

## **28. STOCKS AND STORES**

- 28.1 The Leadership Team is responsible for establishing adequate arrangements for the custody and control of stocks within each of their departments.
- 28.2 The systems used for stock accounting must be approved by the Finance Director.
- 28.3 A register of stock items will be maintained by the Technical Director and updated regularly.
- 28.4 Department directors are responsible for ensuring that regular inspections and stock checks are carried out.

## **29. CODE OF CONDUCT**

- 29.1 The Association expects that all staff and Management Committee members will observe the Association's code of conduct in carrying out their duties.

- 29.2 Additionally, staff and Management Committee members are required to disclose interests in the Association in the appropriate Register of Interests which will be reviewed and updated annually.

### **30. GIFTS, DONATIONS AND HOSPITALITY**

- 30.1 The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Association's Gifts and Hospitality Procedure.
- 30.2 Members of the Management Committee 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. All Management Committee and staff must comply with the bribery principles underlying the Association's Policy and Procedure on Payments and Benefits to Management Committee and Staff Members.

### **31. POLICY IMPLEMENTATION AND REVIEW**

- 31.1 The Finance Director is responsible for ensuring these regulations are implemented.
- 31.2 These regulations are due for review in March 2024 or sooner if required by changes in law or good practice.

## **Appendix 1**

### **Authorised Bank Account Signatories**

Authorised signatories are the Chief Executive, the Corporate Services Director, the Finance Director, the Housing Director and the Technical Director.

At March 2021, these positions were held by:-

Title	Name
Chief Executive	Clive Douglas
Corporate Services Director	Anne Fitzsimons
Finance Director	Tom Hastings
Housing Director	Fiona Mills
Technical Director	Frank Donohoe

Payments must be authorised as follows:

- a) cheques: by any two authorised signatories;
- b) external electronic transfers: by any two authorised signatories;
- c) internal electronic transfers: by any one authorised signatory.

### **Authorised Signatories for the drawdown of Private Finance from Approved Lenders**

The Chief Executive and the Finance Director are authorised to sign the instruction for draw down of loan tranches against previously approved borrowing facilities.

## Appendix 2

### Authorised Company Credit Card Holders

The following individuals are authorised to hold a Tollcross Housing Association company credit card. The approved credit limit for each card is as set out below.

Title	Name	Credit Card Limit
Chief Executive	Clive Douglas	£2,000
Finance Director	Tom Hastings	£2,000

## Appendix 3

### Approval and Authorisation Limits

#### 1. Reactive Maintenance, Cyclical Maintenance and Direct Services

<b>Staff Member</b>	<b>Commitment of expenditure up to</b>	<b>Authorisation of invoice value up to</b>	<b>Countersignature of invoice required by</b>
Maintenance Assistant	£500	N/A	N/A
Investment Assistant	£500	N/A	N/A
Maintenance Officer	£1,500	£1,500	N/A
Investment Co-ordinator	£5,000	£5,000	N/A
Maintenance Manager	£5,000	£5,000	N/A
Technical Director	£10,000	£5,000+	CE or FD
Operations Sub Committee	£10,000+	N/A	

1.1. Limits stated relate to expenditure within annual budget.

1.2. Countersignature required where Technical Director has committed to expenditure and authorised subsequent invoice.

1.3. Committee approval relates to initial decision about contract acceptance. Authorisation of subsequent invoices within budget is fully delegated to staff.

#### 2. Planned Maintenance

<b>Staff Member</b>	<b>Commitment of expenditure up to</b>	<b>Authorisation of invoice value up to</b>	<b>Countersignature of invoice required by</b>
Maintenance Officer	£1,500	£1,500	N/A
Investment Co-ordinator	£5,000	£5,000	N/A
Maintenance Manager	£5,000	£5,000	N/A
Technical Director	£10,000	£5,000+	CE or FD
Operations Sub Committee	£10,000+	N/A	

2.1. Limits stated relate to expenditure within annual budget.

2.2. Countersignature required where Technical Director has committed to expenditure and authorised subsequent invoice.

2.3. Committee approval relates to initial decision about contract acceptance. Authorisation of subsequent invoices within budget is fully delegated to staff.

### 3. Development Expenditure

<b>Staff Member</b>	<b>Commitment of expenditure up to</b>	<b>Authorisation of invoice value up to</b>	<b>Countersignature of invoice required by</b>
Development Agent	£10,000	£10,000	CE, FD or TD
Chief Executive	£25,000	£10,000+	FD or TD
Operations Sub Committee	£50,000	N/A	
Management Committee	£50,000+	N/A	

- 3.1. Limits stated relate to expenditure within annual budget.  
 3.2. Countersignature required where Development Agent involved or where Chief Executive has committed to expenditure and authorised subsequent invoice.  
 3.3. Committee approval relates to initial decision about contract acceptance. Authorisation of subsequent invoices within budget is fully delegated to staff.

### 4. Housing Services Expenditure

<b>Staff Member</b>	<b>Commitment of expenditure up to</b>	<b>Authorisation of invoice value up to</b>	<b>Countersignature of invoice required by</b>
Housing Officer	£500	N/A	
Housing Manager	£1,500	£1,500	
Housing Director	£10,000	£10,000	FD or CE

- 4.1. Limits stated relate to expenditure within annual budget.  
 4.2. Countersignature required where Housing Director has committed to expenditure and authorised subsequent invoice.  
 4.3. Housing Officers can commit Association to legal costs in line with Current Tenant Arrears Policy within limits of annual budget. Any individual legal invoices in excess of £10,000 to be countersigned by Chief Executive or Finance Director.

### 5. Administration and General Expenditure

<b>Staff Member</b>	<b>Commitment of expenditure up to</b>	<b>Authorisation of invoice value up to</b>	<b>Countersignature of invoice required by</b>
Corporate Services Officer	£500	N/A	
Finance Officer	£500	N/A	
Maintenance Officer	£500	N/A	
Technical Director	£1,000	£1,000	CSD or FD
Corporate Services Director	£10,000	£10,000	FD or CE
Finance Director	£10,000	£10,000	CE or CSD
Chief Executive	£20,000	£20,000	FD or CSD
Audit and Business Sub Committee	£20,000+	£20,000+	

- 5.1. Limits stated relate to expenditure within annual budget.  
 5.2. Countersignature required where Director/Chief Executive has committed to expenditure and authorised subsequent invoice.  
 5.3. Countersignature required for invoices above stated limits, but detailed individually within budget.

- 5.4. The financial limits in section 5 do not apply to the payment of salaries, pension contributions, PAYE or insurance costs. The Finance Director is responsible for the administration of all such items.
- 5.5. Committee approval relates to initial decision about contract acceptance. Authorisation of subsequent invoices within budget is fully delegated to staff.

## Appendix 4

### Budget Holders

Expenditure Heading	Expenditure Type	Budget Holder
Advice Centre	Administration & General	CSD/FD
Affiliation fees	Administration & General	CSD
Audit	Administration & General	CSD/FD
Bank charges	Administration & General	FD
Communal heating	Reactive, Cyclical and Direct Services	TD
Community budget	Administration & General	CSD
Computer costs	Administration & General	FD
Cyclical maintenance	Reactive, Cyclical and Direct Services	TD
Depreciation	Administration & General	FD
Factoring	Administration & General	FD
General expenses	Administration & General	CSD
Health and safety	Administration & General	CSD
Heat and light	Administration & General	FD
Housing Management Sundries	Housing Services Expenditure	HD
Insurance	Administration & General	FD
Landscaping	Reactive, Cyclical and Direct Services	TD
Legal fees – factoring	Administration & General	FD
Legal fees – general	Administration & General	FD
Legal fees – maintenance	Administration & General	FD
Legal fees – rent	Housing Services Expenditure	HD
Loan interest	Administration & General	FD
Major repairs	Planned Maintenance	TD
Motor expenses	Administration & General	CSD
Photocopying	Administration & General	CSD
Professional fees	Administration & General	FD
Rates	Administration & General	FD
Reactive maintenance	Reactive, Cyclical and Direct Services	TD
Rent paid	Administration & General	FD
Repairs and renewals	Administration & General	TD/FD
Sheltered Housing	Administration & General	CSD/FD
Staff costs	Administration & General	FD
Stationary and communications	Administration & General	CSD
Telephone	Administration & General	FD
Training and conferences	Administration & General	CSD
Window and stair cleaning	Reactive, Cyclical and Direct Services	TD

#### Key

CSD	Corporate Services Director
FD	Finance Director
HD	Housing Director
TD	Technical Director