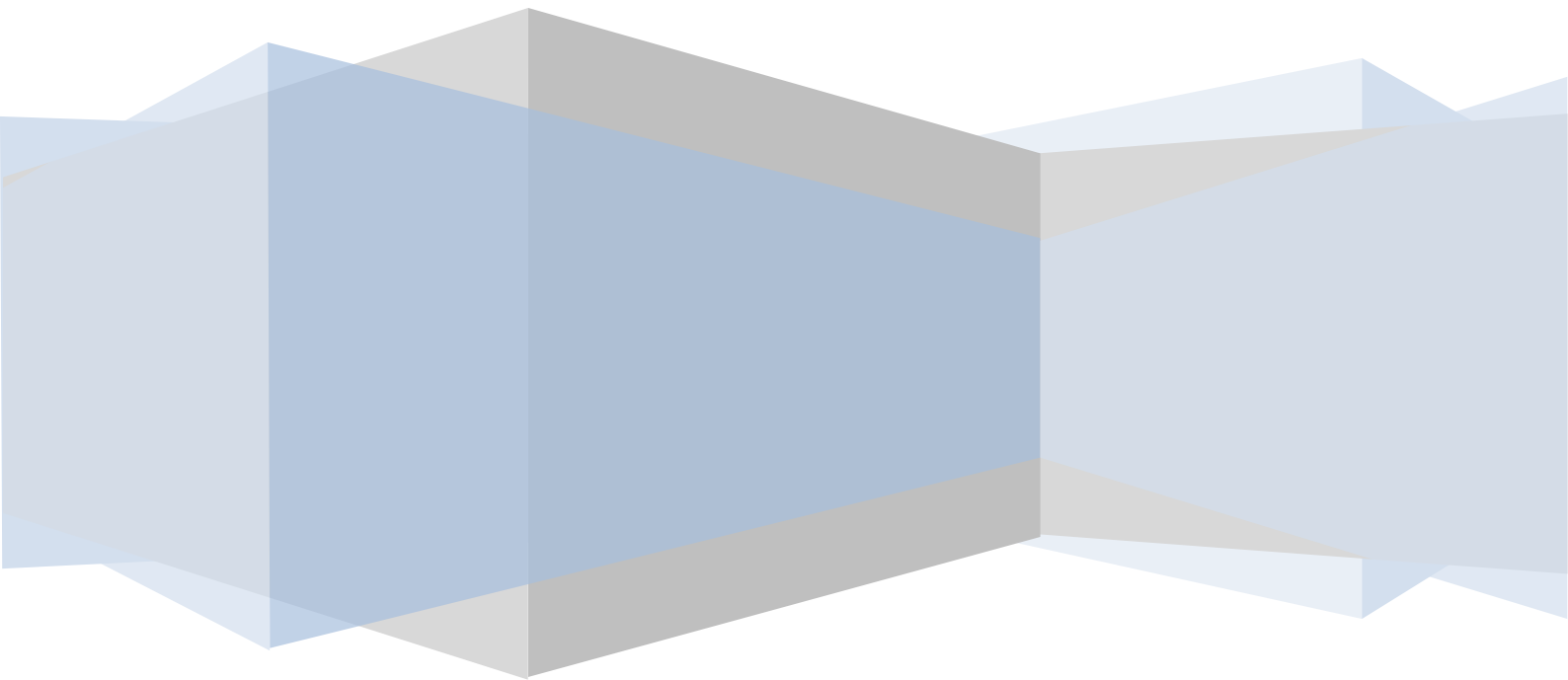




# **FINANCIAL REGULATIONS**

**February 2023**



All Policies are available on tape, in braille, and in translation into most languages. Please ask a member of staff if you would like this policy in a different format.

Date of Policy Review: February 2023  
 Date of Committee Approval: 28 February 2023  
 Date of Next Review: February 2026

<b>SCOTTISH HOUSING REGULATOR STANDARDS</b>	<p>STANDARD 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</p> <p>STANDARD 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users, and stakeholders. Its primary focus is the sustainable achievement of these priorities.</p> <p>STANDARD 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</p> <p>STANDARD 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>STANDARD 6: The governing body and senior officers have the skills and knowledge they need to be effective.</p>
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## **1. INTRODUCTION**

- 1.1 The Association must demonstrate effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.
- 1.2 The Association currently operates under the SFHA Charitable Model Rules (Scotland) 2020, which are the constitution of the organisation.
- 1.3 The Standing Orders Policy and Authority and Responsibilities of Committees Policy detail how the business of the organisation shall be run and include responsibilities, powers and remits of each Committee or Sub-Committee.
- 1.4 The Financial Regulations detail Committee and staff responsibilities, together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Regulation of Social Housing in Scotland.
- 1.5 Compliance with the Financial Regulations is compulsory for governing body members and staff. It is the responsibility of Senior Staff to ensure that all staff is aware of the existence and content of these regulations.
- 1.6 The Financial Procedures set out how these regulations shall be implemented.
- 1.7 Nothing in these Financial Regulations shall override instructions from or conditions imposed by the Scottish Government, the SHR, and the Accounting Standards Management Committee of the Financial Reporting Council, the Financial Conduct Authority (FCA) and any other appropriate statutory organisation or any relevant current legislation. Nothing in the supporting Financial Procedures or other policies will override the principles embodied in the Regulations.
- 1.8 A review of the Financial Regulations shall take place at least every three years.

## **2. INTERNAL FINANCIAL CONTROL**

- 2.1 Internal Financial Control can be defined as the controls established to:
  - provide reasonable assurance of the safeguarding of assets against unauthorised use or disposal;
  - provide reasonable assurance of the maintenance of proper accounting records and the reliability of financial information used in and published by the Association.

### **Requirement for Internal Financial Control**

- 2.2 In addition to our own need for a documented system of internal controls to achieve the aims set out at item 2.1 above, it is a requirement of Regulatory Advice Notes issued by the SHR that we include a statement in our published accounts which:
  - confirms that the Management Committee acknowledges its responsibility for Internal Control;
  - includes a description of the key procedures for Internal Financial Control;
  - confirms that the Management Committee has, in the Financial Year, reviewed the effectiveness of the system of Internal Financial Control and reports whether any weaknesses in the system of Internal Financial Control have resulted in material losses, contingencies or uncertainties which require disclosure in the audited accounts;
  - explains that the system cannot provide absolute assurance against material loss or misstatement;

- provides reason for any noncompliance;
  - covers the period between balance sheet date and the date the accounts are signed.
- 2.3 The External Auditors are required to review this statement and to report any discrepancies between it and the results of the audit work.

### **Responsibility for Internal Financial Control**

- 2.4 Responsibility for Internal Financial Control lies with Management Committee. The Management Committee is responsible, therefore, for ensuring that the control system defined above is in place, is adhered to and is effective. All Management Committee members and staff must adhere to the controls which apply to any situation involving the Association. Day to day management and implementation of controls is delegated to the Director and other Senior Staff.

### **Key Controls**

- 2.5 The Association will, at all times, maintain the following key controls:
- Quarterly Management Accounts, with supporting narrative, will be prepared for management use and presented to the Management Committee for approval;
  - the Association will prepare annually its Report and Financial Statements and arrange for an External Audit to be conducted within four months of the end of each financial year;
  - the finalised Audited Report and Financial Statements and the External Auditor's Final Audit Findings Report will be presented to the Management Committee at least one week before the Association's AGM;
  - a budget for each financial year will be prepared then discussed and approved by the Management Committee before each Financial Year commences;
  - segregation of duties (where possible) will be maintained between initiating, actioning and recording a financial transaction;
  - all borrowing decisions and changes to banking arrangements will be approved by the Management Committee before being actioned;
  - all financial transactions shall take account of approved delegated authorities.

## **3. MANAGEMENT COMMITTEE RESPONSIBILITIES**

- 3.1 The Management Committee has ultimate responsibility for all aspects of the Association's affairs. It is responsible for the leadership, strategic direction and control of the Association and for ensuring it secures good outcomes for its tenants and service users.
- 3.2 Statute requires the Management Committee to prepare financial statements for each financial year and it is the Management Committee which is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.
- 3.3 The Management Committee is also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 3.4 Committee members also have a duty towards the Association, its staff, tenants of Cathcart & District Housing Association Ltd and the community in general and therefore, must take steps to satisfy themselves that they receive all necessary information to allow reasoned and justifiable bases for decision making.

#### **4. STAFF RESPONSIBILITIES**

- 4.1 The Director is responsible to the Management Committee for the promotion of the Association and the formulation and co-ordination of the activities and reports to the Committee of other Officers. The Director is also responsible for the implementation of policy and procedural decisions taken by the Management Committee. The Director is responsible for ensuring the Management Committee receives all information and relevant guidance and training which it requires to meet its obligations.
- 4.2 All Senior Staff members are responsible for the accountability and control of staff members within their department and for the security and control of all assets, cash and materials relating to that responsibility. They are also responsible for managing the financial budgets allocated to their area of responsibility.
- 4.3 The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of any external service provider are contained within the relevant Minute(s) of Agreement or Service Level Agreement.

#### **5. ACCOUNTING**

- 5.1 All accounting procedures of the Association shall be determined by the Association's Finance Agents, in consultation with the Director. These procedures must take account of statute, good practice and current guidance.
- 5.2 The format of the Association's financial records shall be determined by the Association's Finance Agents in consultation with the Director and must take account of audit requirements, good practice and current guidance.
- 5.3 The allocation of accounting duties should, where possible, take account of segregation of duties and records should be regularly updated.
- 5.4 All accounting policies of the Association shall be contained within the annual financial statements and shall be reviewed annually as part of the approval of the financial statements. Accounting policies shall be presented to the Management Committee for approval out with this cycle when changes are made.

#### **6. AUDIT REQUIREMENTS**

##### **External Audit**

- 6.1 External Auditors will be appointed at each AGM, following a recommendation by the Management Committee and in line with the Association's Rules.
- 6.2 Auditors will be appointed following a tendering process and in accordance with good practice the Association shall review its external auditors every five years unless the service level dictates otherwise.
- 6.3 The role of the External Auditors must be clearly detailed in the engagement letter provided by the External Auditor and shall be reviewed every 3 years in accordance with good practice.
- 6.4 Preparation of the financial statements shall be undertaken by the Association's Finance Agents. A year end timetable should be completed by the Finance Agents and be agreed with the External Auditor prior to commencement of the year end statutory audit. The financial statements must be in the required format and contain the report of the External

Auditor. In addition, the financial statements must contain a report from the Management Committee, to include comments on past and future developments, together with a separate Management Committee report on the systems of internal financial control.

- 6.5 Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting. Final audited accounts will be adopted at the Annual General Meeting, normally held in September each year.
- 6.6 Final audited and signed accounts will be submitted to the Scottish Housing Regulator, lenders, Office of the Scottish Charity Regulator (OSCR) and to the Financial Conduct Authority (FCA) within the required timescales following the end of the financial year.
- 6.7 A copy of the Auditor's Management Letter and the Management Committees' response to the Management Letter will also be submitted to the Scottish Housing Regulator within required timescales.
- 6.8 The External Audit function shall be overseen by the Management Committee and in line with good practice, the Management Committee should have a closed door session, with no staff present, with the External and Internal Auditor at least once a year.

#### **Internal Audit**

- 6.9 The Internal Auditor will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures.
- 6.10 The Internal Auditor will be appointed following a tendering process and will be appointed for a maximum of three years, with an option to rollover (subject to an annual renewal of the appointment) by the Management Committee.
- 6.11 The setting of the Internal Audit programme shall take account of concerns or recommendations from the Director, but shall be determined by the Management Committee.
- 6.12 The Finance & Audit Sub Committee will review all Internal Audit reports and progress reports and will monitor the implementation of all agreed actions with set timetables.
- 6.13 The Internal Auditor shall have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the Internal Auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Management Committee as soon as is practical.
- 6.14 The Internal Auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures. Final responsibility for such matters lies with the Management Committee.
- 6.15 The Internal Auditor may assist in the protection of the Association's assets by carrying out regular reviews of operations in order to detect system weakness, inefficiencies, fraud, misappropriation and losses due to waste or maladministration. Final responsibility for such matters lies with the Management Committee.
- 6.16 The Internal Auditor will also monitor compliance with the Association's Financial Regulations and Procedures as part of their internal audit reviews. Final responsibility for such matters lies with the Management Committee.

## **7. FRAUD AND OTHER FINANCIAL IRREGULARITIES**

- 7.1 The primary responsibility for the prevention and detection of fraud and errors rests with the Management Committee. The External Auditor may plan the External Audit in order to have a reasonable expectation of detecting material misstatements in the financial statements, whether caused by fraud or errors.
- 7.2 To assist in discharging its responsibilities in this area, the Management Committee should receive reports from the Internal Auditor on all cases of actual or attempted fraud or bribery and consider whether internal controls require to be reviewed.
- 7.3 All matters in relation to fraud prevention, reporting, recording and associated matters are outlined in the Association's Anti-Fraud Policy.

## **8. BUSINESS PLANNING**

- 8.1 The Association shall have in place a three year Business Plan document which sets out the strategic direction of the Association. The Management Committee is ultimately responsible for the governance and direction of the Association and it is recognised that the Business Plan should represent a joint understanding by staff and Committee of what the Association wants to achieve, the choices available and the key risks faced by the Association. The Business Plan shall, therefore, be produced by the Management Committee and the Senior Management Team in consultation with staff, tenants and other stakeholders as necessary and in line with Business Planning guidance.
- 8.2 The content of the Business Plan shall include the seven main components for inclusion identified by the Scottish Housing Regulator in current guidance:
- strategic objectives
  - risk assessment
  - operational targets
  - environmental analysis
  - asset management and housing stock plans
  - financial forecasts
  - scenario planning
- 8.3 A detailed Plan shall be produced every 3 years (including a comprehensive review of the strategic direction of the Association), with limited updates taking place annually.
- 8.4 The Director shall produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.
- 8.5 The Association shall take account of SHR guidance in its business planning process.
- 8.6 On an annual basis, the Director has delegated authority for the preparation of a detailed operational plan for the Association on behalf of the Management Committee, within the framework of the Business Plan.
- 8.7 The operational plan will include departmental performance targets and KPIs (set in consultation with the Management Committee) and shall feed into the annual budget setting process and the Association's risk management procedures.
- 8.8 On at least a quarterly basis, progress against operational targets shall be reported to the Management Committee. These reports shall be supported by the Quarterly Management

Accounts, other section reports and the risk register to ensure all aspects of the Business Plan are linked together and operating effectively.

- 8.9 On at least an annual basis, the achievement of strategic objectives will be considered and reported to the Management Committee.

## **9. APPROACH TO FINANCIAL FORECASTING**

- 9.1 The Finance Agents will assist with the preparation of long-term financial planning on behalf of the Association. The Senior Management Team and Management Committee will be involved in the process, with the forecasts requiring approval by the Management Committee.

- 9.2 Long term financial forecasts shall be prepared annually and shall be forwarded to all lenders as well as External Auditors for information and consideration. Formal feedback shall be sought from all parties reading the assumptions employed and the financial outturns.

- 9.3 The Association prepares and submits five year financial projections to the SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Management Committee, all in accordance with existing guidance from the SHR. A copy of this information shall be submitted to lenders and the External Auditor.

- 9.4 The Association shall undertake a review of its long-term projections on an annual basis in order to ensure that the projected annual position remains on target with the 30 year Statement of Comprehensive Income, Statement of Financial Position and cash-flow projections. A full and detailed review shall be undertaken annually. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the Business Plan document.

- 9.5 The content of the 30 year financial forecasts shall include the following information as a minimum:

- details of main assumptions employed and their source;
- Statement of Comprehensive Income for 30 years;
- Statement of Financial Position projections for 30 years;
- cash flow projections for 30 years;
- key performance indicators data and peer comparisons;
- covenant compliance schedules;
- appropriate sensitivity analysis;
- schedules for all income and cost information and assumptions; and
- supporting narrative to confirm an overview of the projected outturns, any areas for further consideration, any areas of concern and any actions required that flow from production of the final information.

- 9.6 While the overall responsibility for this information lies with the Finance Agents, it is essential that an appropriate level of input from all Senior Staff is accounted for within the long term financial plans. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.

- 9.7 Given the impact that inflation and interest rates may have on the expected financial position, the Finance Agents shall seek information from lenders regarding future expected rates for these areas. In addition, any real cost increase assumptions should take account of lender and valuer advice. All assumptions made in the forecasts should be reviewed and agreed with the Management Committee.



9.8 The Finance Agents shall produce an annual timetable to accompany the financial forecasting process and this shall take account of:

- provision of, review and agreement on future maintenance plans;
- provision of, review and agreement on rental, staffing and development assumptions;
- production of draft projections;
- Senior Staff discussion, review and agreement of draft projections;
- reporting to Management Committee;
- provision of information to external parties; and
- feedback to Management Committee from external parties.

9.9 The importance of financial forecasting in relation to the Association's overall business planning process is recognised and timetables applicable to both processes require to be carefully aligned.

## **10. ANNUAL BUDGET**

10.1 An annual budget must be approved by the Management Committee of the Association prior to the start of the financial year to which it relates. The setting of the annual budget forms part of the annual business planning cycle and will reflect the Association's current business plan, operational plans and longer term financial forecasts.

10.2 The annual budget will comprise of:

- a clear statement of main assumptions and sources of information underlying the budget;
- projected Statement of Comprehensive Income;
- projected Statement of Financial Position;
- projected Cash Flow Statement;
- detailed capital budgets for all projects;
- monthly cash flow projections;
- monthly income and expenditure details;
- cost allocation information;
- appropriate ratio analysis;
- loan covenant compliance performance; and
- any summary narrative commentary necessary for a clear understanding of the budget.

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

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

## **Budgetary Control**

- 10.4 Once approved, the budget shall be regarded as the basis for authority to incur expenditure subject to any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. However, any such changes must be approved by Management Committee.
- 10.5 It is the responsibility of all budgets holders to control relevant budgets. Budgetary control will be assisted by the production of Quarterly Management Accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates. The Finance Agents will report on actual income and expenditure against the budget on a quarterly basis to both Senior Staff and the Management Committee.
- 10.6 The Finance Agents will ensure that material variances are clearly explained within the narrative supporting the Quarterly Management Accounts. Explanations of material variances will be sought from budget holders during the preparation of the Quarterly Management Accounts where necessary.
- 10.7 The Quarterly Management Accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of the Association at the year-end. Cash flow monitoring and covenant compliance will form a part of the management accounts. A copy of the approved budget and Quarterly Management Accounts will be sent to the Association's lenders.
- 10.8 In circumstances of emergency, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of the most senior member of staff on duty and the Chairperson of the Association (or an Office Bearer in the absence of the Chairperson), who will consult with the Finance Agents, if possible, before agreeing to any request. Any such expenditure must be reported by the Director to the next meeting of the Management Committee for retrospective approval.
- 10.9 Senior Staff should ensure that when reports are issued to the Management Committee (or any other Sub Committee), the financial implications of any course of action should be fully detailed. The Finance Agents should be consulted prior to any report that has material financial implications going to the relevant Committee.

## **11. CASH CONTROLS**

- 11.1 Bank accounts held by the Association and details are contained within the Association's detailed Financial Procedures.
- 11.2 Procedures for the receipt of monies are detailed in the Association's Financial Procedures.
- 11.3 Petty cash procedures are detailed in the Association's Financial Procedures.
- 11.4 All bank accounts must be reconciled to the relevant bank statements on a monthly basis by the Finance Officer.
- 11.5 The Finance Officer will ensure the safe custody of all banking documents, cash boxes and cheques.
- 11.6 In the event of any supplier bank account being notified by e-mail, the Finance Officer shall follow the process noted on the detailed financial procedures.

- 11.7 Any cheques received should be recorded in the mail in book and any cash received should be recorded in the receipt book.

## **12. DEBTORS CONTROLS**

- 12.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest received.
- 12.2 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 report on rental information (including arrears) shall be prepared by the Housing Management team and presented to the Management Committee every three months.
- 12.3 Factoring accounts shall be issued timeously in accordance with the Factoring Policy.
- 12.4 Sums due and outstanding to the Association shall be summarised within the Quarterly Management Accounts and will include arrears for rent, factoring, recharges and insurance claims.
- 12.5 Where external funding for projects is made available to the Association, all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 12.6 Procedures relating to rents, factoring and other income generating areas shall incorporate information on debtor control including the basis for monitoring and reporting sums due.
- 12.7 All amounts to be written off as irrecoverable must be formally reported on and approved by Management Committee.
- 12.8 Responsibility for Debtors control within the Association is as follows:
- (i) Rent Arrears – Housing Property Manager
  - (ii) Property Insurance Claims outstanding – Maintenance Property Manager
  - (iii) Non-property insurance claims outstanding – Finance Officer
  - (iv) Factoring - Finance Officer
  - (vi) HAG Claims – Finance Officer
  - (vii) Chargeable Repairs – Maintenance Officer

## **13. ASSET CONTROLS**

- 13.1 The originals of all title deeds shall be held in secure storage or held by The Royal Bank of Scotland. A register of all title deeds is held on OneDrive.
- 13.2 The Association shall maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail the acquisition date, disposal date, estimated useful life for depreciation purposes and cost. In addition, copies of invoices relating to each asset purchased shall be contained within the register, which may be held in electronic format.
- 13.3 The Association shall undertake six monthly reviews of the register to verify the continued ownership and existence of these fixed assets. The Finance Officer shall oversee this task.

- 13.4 Equipment maintenance contracts and leasing 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 these registers include; service provider, start date, termination date, and asset being maintained/leased and cost. This register shall be updated on a quarterly basis by the Finance Team and held in an electronic format.
- 13.5 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to and authorised by the Management Committee.
- 13.6 The Finance Agents will ensure appropriate records are maintained in order that the Association complies with the requirements of component accounting. This holds records of all housing assets by phase, split into relevant components. Component and property replacements and disposals, along with depreciation charges of housing property assets shall be updated on the component accounting spreadsheet in a timely manner. Copy invoices for all replacements will be kept in a file within the Finance department. This task is undertaken by the Finance Officer on a quarterly basis. These updates and the resultant monthly journal shall be reviewed by the Finance Agents.

#### **14. PROCUREMENT, CONTRACTS AND TENDERING**

- 14.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Policy.
- 14.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the Procurement Policy.
- 14.3 Orders for works, goods and services will be in accordance with current procedures, in particular the budget limits and the regulations on Incurring and Authorising Expenditure.
- 14.4 All contracts entered into by the Association within the scope of the Procurement Policy require the authorisation of the Management Committee.
- 14.5 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the Finance Team shall keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 14.6 Payment to contractors, whether on account or the final account, shall be made in accordance with current procedures. The relevant staff member who has responsibility for the contract will monitor expenditure.
- 14.7 The Management Committee shall be provided with quarterly updates on the progress of all contracts within the scope of the Procurement Policy, including a summary of the position of accounts on each contract.
- 14.8 The Association shall take account of UK Procurement and Scottish Government thresholds as appropriate. When required and following approval by the Management Committee, a procurement consultant may be used to ensure the Association complies with all applicable Procurement legislation and requirements.

## 15. BOOKS, REGISTERS AND COMPUTER DATA

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

<b>Books and Registers</b>	<b>Responsible Staff Member</b>
(a) Cash books	Finance Officer
(b) Petty Cash Book	Finance Officer
(c) Nominal Ledger	Finance Officer
(d) Fixed Assets Register	Finance Officer
(e) Office Inventory	Finance Officer
(f) Register of Disposals	Director
(g) Register of Frauds and Bribery	Director
(h) Register of Payments and Benefits	Director
(i) Register of Interests	Director
(j) Register of Members	Corporate Services Officer
(k) Register of Gifts & Hospitality	Director
(l) Complaints register	Senior Staff
(m) Accident book (Health & Safety)	Maintenance Officer

- 15.2 'Responsible staff member' refers to the individual having responsibility for maintenance of and administration relating to each register.
- 15.3 All such books and registers, together with other relevant papers or information, may, where appropriate, be kept in an electronic format and must be securely stored when not in use.
- 15.4 All information in relation to office computer systems is backed up to cloud storage on a daily basis. Backups are encrypted by the backup software.
- 15.5 Access to computer systems must be restricted by the appropriate use of passwords etc.
- 15.6 In conducting its operations, the Association must comply with all aspects of the General Data Protection Regulations. All such matters are the responsibility of the Director & Corporate Services Officer.
- 15.7 The Association's I.T. co-ordinator is the Corporate Services Officer.

## 16. SECURITY

- 16.1 All Senior Staff is responsible for maintaining proper and adequate security at all times for buildings, furniture, equipment, and other assets, and any cash under their direct control. The Director is responsible for overall security and any risks to the Association must be notified to the Director immediately.
- 16.2 All information held on computer must be backed up on a daily basis and stored off-site. It is the responsibility of our IT providers to ensure this task is undertaken.
- 16.3 Access to computer systems must be restricted by the appropriate use of strong passwords. Passwords should be more than 12 characters (containing numerical, special characters and letters).
- 16.4 The Director will ensure that there are adequate systems in place covering the security and use of all data (personal and sensitive information) relating to applicants, tenants, members of staff, contractors and of the public held either in electronic or paper format, to comply with the Data Protection Act.

- 16.5 Current staff members are all given an office front and back door key. All staff have access to the alarm code and the padlock for the car park. Access to the office out with normal working hours is limited to the Director and Senior Staff who are contactable in the event of alarm activations. Access to the office out with normal working hours for all other staff will only be permitted with the agreement of the Director or Senior Staff.
- 16.6 The petty cash box is held in the safe which is accessed by a combination lock. The Finance Officer, Director and Finance Assistant have access to the safe.
- 16.7 A register shall be maintained of all items held within the safe. Documents should be signed out when removed by an authorised member of staff and signed back in when returned. A regular check should be made by the Finance Team to ensure all items are present in the safe.
- 16.8 The loss of office property or petty cash keys must be notified to the Director immediately.

## **17. INSURANCES**

- 17.1 The Association's Finance Officer shall arrange all insurance cover on behalf of the Association subject to Senior Staff confirming cover requirements. Due to UK Procurement rules, the use of a specialist consultant may be required. The appointment of this consultant will be approved by the Management Committee.
- 17.2 All Senior Staff of the Association shall advise the Maintenance Manager in writing of events likely to result in a change to the Association's insurance requirements.
- 17.3 The Maintenance Manager, in consultation with Senior Staff, shall review all insurances during the year and report to the Management Committee thereon.
- 17.4 The submission of all insurance claims are the responsibility of the Maintenance Assistant who shall record, monitor and control all insurance claims.
- 17.5 The Public Liability and Employer's Liability Insurance Certificates will be displayed in the public reception.
- 17.6 The Association shall ensure, prior to contracts commencing, that written agreement is received from external contractors that they shall insure and take responsibility for all works in progress. A copy of the insurance cover in place must be received by the Association in advance of such works commencing.

## **18. RISK MANAGEMENT**

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

## **19. VALUE FOR MONEY**

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

## **20. TREASURY MANAGEMENT**

- 20.1 The Association will comply with the Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and cross Sectorial Guidance Notes (2017 Edition), (the Code).
- 20.2 The Association will create and maintain as the cornerstone for effective treasury management:
- a Treasury Management policy statement stating the policy's objectives and approach to risk management of its treasury management activities;
  - Suitable treasury management practices (TMPs), setting out the manner in which the Association will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

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

- 20.3 The Association's Management Committee will receive reports on its treasury management policies, practices and activities, in line with the Treasury Management Policy.

## **21. TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES**

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

## **22. GIFTS, HOSPITALITY AND INTERESTS**

- 22.1 The giving and receiving of gifts and hospitality shall be in accordance with the Entitlements Payments and Benefits Policy.
- 22.2 All Committee Members and staff shall ensure that they declare any interest with regards to any aspect of the Association's activities as required by the Association's rules and

regulatory requirements. Committee Members and staff are required to update their 'Declaration of Interest' Form at least once per year.

- 22.3 The Association's approach to donations is detailed within the Gifts, Hospitality & Donations Policy.

### **23. NEW PROJECTS**

- 23.1 Prior to committing the Association to any new projects or activities, a full options appraisal and financial assessment shall be carried out and reported to the Management Committee for consideration and approval.

- 23.2 In the event that the new project or activity results in a net financial cost to the Association, then the overall impact on the Association's long term financial projections requires to be considered and reported on as part of the overall assessment report.

- 23.3 External specialist and legal advice shall be taken where appropriate.

### **24. BENCHMARKING AND PERFORMANCE ANALYSIS**

- 24.1 The Association's Director shall ensure that reports will be submitted to the Management Committee on the following areas:

- (a) analysis of Business Plan targets achieved;
- (b) comparison of results with the SHR published ratios and statistics;
- (c) comparison of results with the Association's annual budget;
- (d) comparison of actual and estimated loan covenant results;
- (e) Annual Return on the Charter (ARC).
- (f) Annual Assurance Statement

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

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

### **25. INCURRING AND AUTHORISING EXPENDITURE**

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

- 25.2 The Management Committee approves budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets.

- 25.3 There are three levels of procedures involved in authorising expenditure.

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

Further information on (b) and (c) is contained in the detailed Financial Procedures.



25.4 Approval of Commitment to Spend

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

a)	Under £10,000	Director
b)	Over £10,000	Management Committee

ii) Capital Expenditure (properties)

a)	Purchase of a property	Management Committee
b)	Consultants Fees / Works Costs within approved contract sums up to £750k for Development projects	Director
c)	Component replacement costs within agreed contract sums	Director/Maintenance Manager

iii) Staff Structure, Salaries & Staff Costs

a)	Staff Structure	Management Committee
b)	Temporary Staff	Director
c)	Annual Salary Reviews	Management Committee
d)	Staff Expenses	Finance Officer
e)	Committee Expenses	Finance Officer
f)	Director Expenses	Finance Officer
g)	Overtime	Director
h)	Overtime of Director	Management Committee
i)	Redundancies, settlements etc	Management Committee

iv) Maintenance Costs

a)	Repairs & Maintenance up to £2,000	Maintenance Officer.
b)	Repairs & Maintenance up to £20,000	Director, Housing Property Manager,
c)	Repairs & Maintenance up to £30,000	Management Committee
d)	Repairs & Maintenance in excess of £30,000	Let via processes set out in Procurement Policy

v) Corporate Services Costs

a)	Up to £2,000	Finance Officer/Corporate Services Officer
b)	Up to £20,000	Director
c)	Over £20,000	Management Committee

vi) Housing Management Costs

a)	All costs up to £2,000	Housing Property Manager
b)	All costs up to £20,000	Director
c)	All costs over £20,000	Management Committee

## Appendix 1

### Authorised Signatories

<b>BACS Payments</b>	
Prepared by	Finance Assistant/Corporate Services Officer
Authorised by	Director/Finance Officer
<b>Cheque Payments</b>	
Prepared by	Finance Assistant/Corporate Services Officer
Authorised by	Two Authorised Signatories, Director, Finance Officer, Chairperson, Vice Chairperson, Secretary, and Treasurer.
<b>Grant Offers- DRS</b>	
Accepted by	Director/Finance Officer
Grant Claims	Director/Finance Officer
<b>Grant Offers-Other</b>	
Accepted by	Director/Finance Officer
Grant Claims	Director/Finance Officer

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

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

**Budget Holders**

<p>Director</p>	<p>Employee Costs            Consultancy Costs            Advertising &amp; Promotion            Committee Expenses            Committee Training            Staff Recruitment            Staff Training            Subscriptions            Wider Action            Donations            General Legal fees            Other Fixed Assets            Audit Fee (Internal &amp; External)            Bank Charges            General Expenses            Heat, Light &amp; Cleaning            Insurance            Office Equipment Maintenance            Printing &amp; Stationery            Postage            Rent &amp; Rates            Telephones            Loan Payments Factoring Bad Debts            New Build Project Costs</p>
<p>Maintenance Manager</p>	<p>Reactive Maintenance            Void Costs            Major Repairs            Cyclical Maintenance            Component Replacement Costs            Stage 3 Adaptations            Office Repairs</p>
<p>Housing Manager</p>	<p>Housing Bank Charges            Housing Legal Fees            Service Charges            Rental Bad Debts            Tenant Participation            Void Council Tax</p>



**Cathcart & District Housing Association  
Appendix 3: Equality Impact Assessment**

<b>Name of policy to be assessed</b>	Financial Regulations Policy	<b>Is this a new policy or a review?</b>	Review
<b>Person completing the assessment</b>	Emma Connelly, Corporate Services Officer	<b>Date of Assessment</b>	20/02/2023

1. Briefly describe the aims, objectives, and purpose of the policy	The Financial Regulations Policy provides guidance and controls for staff regarding financial management. The Policy details Committee and staff responsibilities, together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Regulation of Social Housing in Scotland.
2. Who is intended to benefit from the policy? (e.g. staff, applicants, tenants, staff, contractors)	Staff, Committee, tenants, lenders
3. What outcomes are wanted from this policy? (e.g. benefits to customers)	To ensure effective governance and sound financial management To confirm the roles and responsibilities of the Management Committee, senior officers and budget holders in respect of financial control.

4. Which protected characteristics could be affected by the policy (tick all that apply)

Minority Ethnic:

Age:

Gender:

Religion/belief:

Disability:

Transgender:

Sexual Orientation:

Maternity/Pregnancy:

Marriage/civil partnership:

Socio-economic status:

5. If the policy is not relevant to any of the protected characteristics listed in part 4. State why and end the process here.

The regulations are based on legislation and professional practice and provided guidance at an operational level on the management of the Association's finances. We have concluded there are no negative impacts on equalities as a result of this policy.

6. Describe the likely positive or negative impacts the policy could have on the groups identified in part 4.	Positive Impacts	Negative Impacts
7. What actions are required to address the impacts arising from this assessment?	N/A	

Signed: Emma Connelly

Date: 20/02/23