



POLICY TITLE	FINANCIAL REGULATIONS
AUTHOR	CHRISTINE LEITCH/CLARK DAVIDSON
DATE OF APPROVAL	JANUARY 2019
DATE FOR NEXT REVIEW	JANUARY 2022
REVIEW BODY	MANAGEMENT COMMITTEE
POLICY ON WEBSITE	YES
SCOTTISH HOUSING REGULATOR STANDARDS	<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 3 : The RSL manages its resources to ensure its financial well-being and economic effectiveness.</p> <p>STANDARD 4 : The governing body bses its decisions on good quality information and advice and identifies and mitigates risks to the organisations purpose</p> <p>STANDARD 5 : The RSL conducts its affairs with honesty and integrity</p>

## 1.0 **Management Committee**

### 1.1 The management committee must

- ensure that the Association operates as economically and efficiently as possible within the Association's overall objectives.
- be in control of the Association's finances and ensure that expenditure of the Association is covered by income from all sources.
- ensure that the annual audited accounts be published in accordance with the Association's rules, and all statutory returns completed within the required time period.

## 2.0 **Director**

### 2.1 The Director co-ordinates the activities of the other officers/consultants and reports back to the management committee.

## 3.0 **Finance Officer/Finance Consultant**

### 3.1 The Finance Officer/Finance Consultant is responsible for the administration and control of the Finance Department. Responsibilities include

- assisting in long term planning;
- assisting in the preparation of the annual business plan;
- assisting in rent setting
- co-ordinating input into the preparation of the annual budget;
- presenting management accounting reports to the management committee on a timely basis;
- preparing annual accounts, liaising with the Association's auditors in respect of the year end audit and presenting the accounts to the Annual General Meeting;
- ensuring the requirements of the Industrial and Provident Society Acts or other constituting authorities are obeyed concerning the requirements for the Association to keep proper books and records;

- maintaining the day to day running of the Association's finances
- safeguarding the assets of the Association
- maintaining efficient systems of financial control and reporting
- ensuring that all the Association's development projects have the required level of funding and at the time it is required and that all eligible grants for such projects have been timeously claimed and loan finance arranged;
- implementing and operating the Treasury Management Policy of the Association with regard to loan portfolio and the investment of surplus funds to the benefit of the Association but with the minimum risk and without contravening statutory restrictions and Association's rules.

#### 4.0 **Budget Preparation**

- 4.1 The budget is to be prepared in a form agreed by the committee. It is to be in line with the objectives of the Association and will form part of the business planning process.
- 4.2 Preparation will commence in December of each year with input by senior staff.
- 4.3 The budget is to be discussed and approved by the Management Committee between December and February each year.
- 4.4 Once approved, the budget is to be used as the basis for authority to incur expenditure and for the comparison with the actual quarterly results.
- 4.5 The Management Committee has the power to delegate authority to spend up to the approved budget limit.

#### 5.0 **Budgetary Control**

- 5.1 Variations in actual income and expenditure against budget are to be reported to the Management Committee quarterly by the Finance Officer/Finance Consultant.
- 5.2 Nothing in these financial regulations shall prevent the Director from incurring expenditure, which is essential to meet immediate needs created by an emergency, subject to such action being reported to the committee at the earliest possible moment.

- 5.3 The Finance Officer/Finance Consultant shall keep the Management Committee informed, each quarter, as to the state of the Association's finances and shall report on the statutory accounts of each financial year within six months of the financial year and provide the Scottish Housing Regulator with audited accounts within the same timescale.
- 5.4 Where a new policy is introduced or a variation of an existing policy that has already been dealt with in the business plan and budget the Finance Officer/Finance Consultant will submit a report to committee on the implications for the Association.
- 5.5 The Finance Officer/Finance Consultant shall recommend virements to the Management Committee. Virement is the process whereby overruns of expenditure may be offset against underruns in other related types of expense.

## 6.0 **Accounting**

- 6.1 All accounting procedures and records shall be determined by the Finance Officer/Finance Consultant in conjunction with the Director in accordance with requirements of statutory agencies and authorities.
- 6.2 Where possible, the duties of providing information about money due to or from the Association and recording these sums shall be separated from the duty of collecting or paying them.
- 6.3 The following books/records will be kept

Cash Book  
Petty Cash Book  
Nominal Ledger  
Property Register  
Register of other Fixed Assets  
Loans Register  
Capital Contracts Register  
Payroll Records

All of the above books and records will be updated at least monthly.

- 6.4 A chart of accounts will be maintained by the Finance Officer/Finance Consultant for all the book's records above. Only the Finance Officer/Finance Consultant can insert/delete codes in the chart of accounts.

## 7.0 **External Audit**

- 7.1 Preparation of annual accounts is to commence within six weeks of the financial year-end and draft accounts together with audit schedules are to be prepared for the auditors by the time the audit commences.
- 7.2 The audit will commence within two months from the financial year-end. A timetable is to be agreed with the auditors.

7.3 Draft accounts are to be submitted to the Management Committee at the meeting prior to the Annual General Meeting.

7.4 Final audited accounts are to be adopted at the Annual General Meeting. These accounts should be signed and submitted to The Scottish Housing Regulator within six months after the end of the financial year.

## 8.0 **Banking**

8.1 The Finance Officer/Finance Consultant

- shall be responsible for the setting up and control of all bank accounts;
- shall be responsible for the stock of cheques;
- shall be responsible for the investment of temporary cash surpluses accruing to the Association;
- may authorise the keeping of petty cash floats by officers for the payment of incidental expenses and may make advances for the purposes of such accounts.

8.2 Cheques on all the Association's main bank accounts shall bear the signatures of two authorised signatories.

8.3 Bank accounts held by the Association must be approved by the Management Committee.

8.4 All bank accounts are to be reconciled to their respective cashbooks on a monthly basis.

8.5 Petty cash floats will be such sums as recommended by the Finance Officer/Finance Consultant and agreed by the Management Committee from time to time.

## 9.0 **Contracts**

9.1 Where contracts provide for payment to be made by instalments, the Finance Officer/Finance Consultant shall arrange for the keeping of a register of contracts, which will show:

- the state of accounts on each contract between the Association and the contractor together with other related payments e.g. professional fees;
- the sources of funding for each contract and the amount of funding drawn to date.

- 9.2 Payment to contractors on account of contracts shall be made only on a certificate/invoice issued by the Supervising Officer or Consultant.
- 9.3 Any variations to a contract, which has a financial implication, shall be reported to the Finance Officer and the Management Committee as soon as practicable, work or expenditure shall be stayed until authorised by the Management Committee, and until adequate funding for the variation has been arranged.
- 9.4 The final certificate of completion of any contract shall not be issued until the appropriate identified officer has produced to the Finance Officer/Finance Consultant a detailed statement of account and all relevant documents.

#### 10.0 **Property Register**

- 10.1 A property register will be maintained maintaining an adequate description for each house owned in terms of address, location, number of rooms, number of persons.
- 10.2 For each house owned, the property register will include the following
- Purchase and improvement costs;
  - date of entry;
  - estimated current open market value;
  - estimated current market value for existing use;
  - current book debt value;
  - current rent being charged;
  - amount of grant obtained on each property;
  - amount of loan outstanding on each property.

10.3 If the Association holds any shared ownership houses it will be documented as to the current tranching position, and accordingly, items listed above will be adjusted on proportion to tranche levels.

10.4 The property register will be held electronically

#### 11.0 **Assets (Other than Property)**

11.1 An inventory of all material and other fixed assets (over £500 in cost) shall be maintained recording an adequate description of equipment fixtures and fittings owned by the Association.

11.2 Rates of depreciation for the different categories of fixed assets are as follows:

- Furniture and fittings 10% p.a straight line basis
- Computer equipment 33% p.a straight line basis
- Other equipment 15% p.a straight line basis
- Motor vehicles 25% p.a straight line basis

These rates may be varied from time to time after discussion with the Auditors and approval by the Finance Officer/Finance Consultant.

11.3 All property and equipment will be maintained in good working order.

#### 12.0 **Income**

12.1 The collection of all money due to the Association shall be under the supervision of the Finance Officer/Finance Consultant.

12.2 All contractors shall furnish the Finance Officer/Finance Consultant with such particulars in connection with work done, goods supplied or services rendered and of all other amounts due as may be required by him/her to record correctly all sums due by the Housing Association.

12.3 All monies received by an employee shall be recorded and signed by the receiving and giving officer.

12.5 No income shall be written off as bad debt unless approved by the Management Committee.

#### 13.0 **Insurances**

13.1 The Finance Officer/Finance Consultant shall effect all insurance cover.

- 13.2 Officers shall give prompt notification to the Finance Officer of all new risks, property or vehicles, which require to be insured, and of any alterations affecting existing insurance policies.
- 13.3 All employees of the Association will be included in a suitable fidelity guarantee insurance policy.
- 13.4 The Finance Officer/Finance Consultant shall annually review all insurance.
- 14.0 **Treasury Management**
- 14.1 All funds borrowed or invested will be effected in the name of the Association
- 14.2 All borrowings shall be made in accordance with the detailed borrowing strategy.
- 14.3 All investment shall be made in accordance with the detailed investment strategy.
- 15.0 **Orders**
- 15.1 Official orders shall be issued for all work, goods or services to be supplied to the Association except for supplies of public utility services or rates.
- 15.2 Official orders are to be approved by designated budget holders
- 15.3 Works goods in excess of £5000 must receive three quotations before any order and appropriate procedures for tender returns must be observed.
- 15.4 The Director will have authority for capital expenditure to issue orders up to £4,000.
- 16.0 **Expenditure**
- 16.1 Only designated budget holders have authority to incur expenditure.
- 16.2 Designated budget holders are appointed by the Management Committee
- 16.3 Designated budget holders can only incur expenditure for which they are responsible.
- 16.4 No expenditure shall be incurred without adequate provision in the budget.
- 16.5 Decisions to incur expenditure must take account of anticipated and actual level of income.
- 16.6 Payment will only be made on the authority of an authorised cheque signatory.



16.7 Before payment is made the designated budget holder shall authorise said payment and satisfy himself/herself that;

- The work, goods or services have been carried out or received and is satisfactory;
- the price is correct;
- the account has not previously been passed for payment

16.8 All salary/wage rates must be approved by the Management Committee.

#### 17.0 **Irrecoverable Income**

17.1 The writing off of irrecoverable income must be approved by the Management Committee

#### **Budget Holders**

BACS Payments – Director, Finance Officer, Finance Consultant, Senior Housing Officer, Factoring Assistant

Authorisation of Repairs (up to £4,000) – Director  
(up to £2,000) – Senior Maintenance Officer

Adhoc Payments (up to £4,000) – Director

Rent refunds (up to £2,000) – Senior Housing Officer