

Financial Regulations

Date Approved by Management Committee:
Latest review date:
Interim update:

27 October 2022
October 2025
9 March 2023

1. Introduction

- 1.1 This document sets out the Association's financial regulations. There are links with other policies and procedures, in particular the financial procedures. As a result, these financial regulations should be read in conjunction with the financial procedures.
- 1.2 This document replaces the financial regulations approved by the Management Committee in December 2019 (with interim updates in March 2020, April 2022 and August 2022). There are few substantive changes, but we have taken the opportunity to clarify and/or strengthen key areas of control. The next full update will take place in or before October 2025.
- 1.3 For the absence of doubt, if there is any conflict between the financial regulations and procedures and other policies/procedures, the financial regulations and procedures will prevail.

2. Governance

- 2.1 Cernach Housing Association is a community controlled registered social landlord and is managed by a group of individuals who are elected to the Management Committee by the membership at the annual general meeting (AGM). Their role is to make sure that the Association is well run, meets the needs of the local area and is responsive to what is important to local people.
- 2.2 The Management Committee appoints senior staff, agrees all the Association's key policies and takes all the key decisions. The Director and the staff team support the Committee in these responsibilities.

3. Policy aims

- 3.1 The key aims of this document are to help ensure that the Association demonstrates effective governance and sound financial management and has a robust policy and procedural framework that complies with legislation, guidance and good practice.

4. Equality and human rights

- 4.1 Through our equality and human rights policy, which was approved by the Committee in April 2021, the Association aims to promote the commitment to zero tolerance to unfair treatment or discrimination and to ensure that no person, group of persons or organisation who deal with the Association in any way or who requires a service, assistance or advice from the Association, or who is employed by (or serves) in any capacity by the Association is treated less favourably than any other person, group of persons or organisation.
- 4.2 As part of our commitment to ensuring equal opportunities for all, the Association has installed an induction loop system in the reception area, interview rooms and boardroom. Where a need is identified, all written information can be provided in Braille; larger font; translated into an alternative language; or on CD/data stick where data is converted to voice.
- 4.3 In accordance with the equality and human rights policy, the Association has conducted an equality impact assessment and this is attached at Appendix 1.

5. Legislation

- 5.1 The Association currently operates under the SFHA (Scottish Federation of Housing Associations) Charitable Model Rules (Scotland) 2020. These were adopted by the membership at a special general meeting in August 2021.
- 5.2 The standing orders of the Association detail how the organisation is run on a day-to-day basis and include delegated responsibilities, powers and remits of the Management Committee, sub-Committees and staff. The current standing orders document was approved by the Management Committee in June 2022.
- 5.3 The financial regulations detail Committee and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.
- 5.4 Compliance with the financial regulations is compulsory for all staff. It is the responsibility of line managers to ensure that all staff are aware of the existence and content of these regulations.

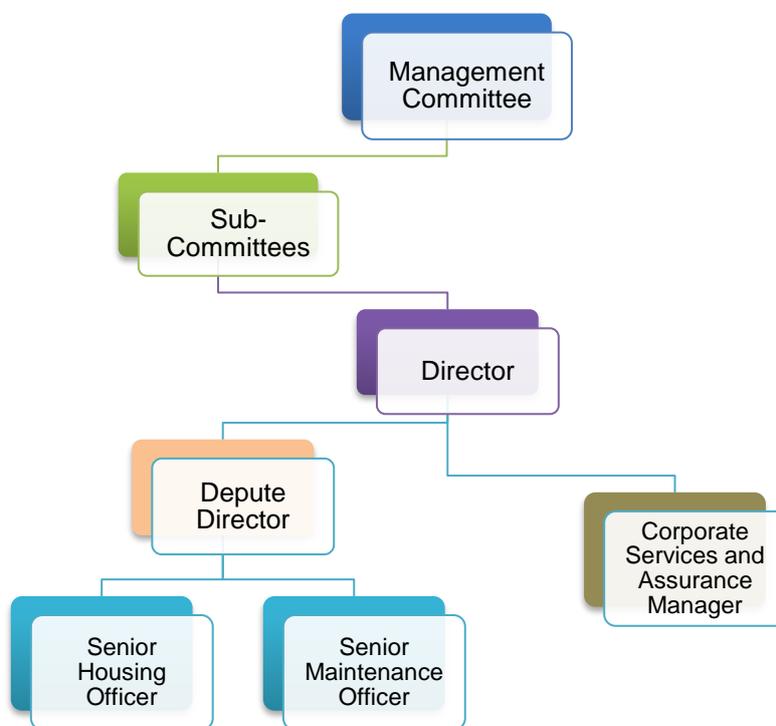
Financial regulations



- 5.5 Nothing in these financial regulations will override instructions from or conditions imposed by the Scottish Government, Accounting Standards Board, the Scottish Housing Regulator, Financial Conduct Authority, or any other appropriate statutory organisation or any relevant current legislation.

6. Management structure

- 6.1 Cernach's financial regulations are based on the following current management structure:



Please also note that we buy in finance manager services approx. one day per week and have a full-time Finance Officer.

- 6.2 The Association's Director works part-time hours (21 hours per week over three days) from November 2022. The Depute Director provides routine cover on the remaining two days each week. As a result, all references to the Director should be taken to mean "*.....or Depute Director where the Director is absent through leave or on a non-working day*" unless this is otherwise stated.

Financial regulations



6.3 The accompanying financial procedures set out how these regulations will be implemented.

7. Management Committee responsibilities

7.1 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.

7.2 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 and to ensure compliance with all legal and regulatory requirements.

7.3 The Management Committee is also responsible for:

- selecting suitable accounting policies and applying them consistently
- making judgements and estimates that are reasonable and prudent
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business
- preparing a statement on internal financial control

7.3 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.

7.4 Committee members have a duty towards the Association, its staff, tenants, other service users and the community in which it operates. They must therefore seek good quality information and advice at all times and ensure their decisions are based on this. This advice may need to be sought from external professional advisors where necessary. They must also ensure they have the skills and knowledge they need to be effective in their role. They must at all times seek to identify risks to the Association and mitigate the same.

8. Staff responsibilities

- 8.1 The Director is responsible to the Management Committee for the implementation of strategic, policy and procedural decisions taken by the Management Committee and the day-to-day management of the Association. The Director is also responsible for the promotion of the Association and for co-ordinating the activities of other senior staff, currently the Depute Director, Corporate Services and Assurance Manager, Senior Housing Officer and Senior Maintenance Officer. The Director is ultimately responsible for ensuring the Management Committee receives all information and relevant guidance and training which it requires to meet its obligations but, on a day-to-day basis, is assisted by the management team and finance and corporate services staff.
- 8.2 All senior staff are responsible for ensuring staff members within their section understand their respective roles and responsibilities and for monitoring their performance against the same. They must ensure they and their staff are open about, and accountable for, all they do. They are responsible for the security and control of all assets, cash and materials relating to their section. They are also responsible for managing the financial budgets allocated to their area of responsibility.
- 8.3 The responsibilities and duties of all staff members will be contained within a suitable job description. The responsibilities and duties of any agents or service providers are contained within a relevant Minute of Agreement or Service Level Agreement.

9. Accounting

- 9.1 All accounting procedures of the Association will be determined by the Association's finance agent in consultation with the Director. These procedures must take account of statute, good practice and current guidance.
- 9.2 The format of the Association's financial records will be determined by the Association's finance agent in consultation with the Director and must take account of audit requirements, good practice and current guidance.
- 9.3 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.

Financial regulations



-
- 9.4 All accounting policies of the Association will be contained within the annual financial statements and will be reviewed annually as part of the approval of the financial statements. Accounting policies will be presented to the Management Committee for approval out with this cycle when changes are made.

10. Audit requirements

External Audit

- 10.1 External auditors will be appointed at each Annual General Meeting, following a recommendation by the Management Committee and in line with the Association's Rules and current statutory requirements.
- 10.2 Auditors will initially be appointed following a tendering process and, in accordance with good practice and the Rules, the Association will re-tender its external auditors every seven years (unless the service is unsatisfactory and an earlier tender exercise is required). The next tender exercise is due to be conducted in 2029/30.
- 10.3 The role of the external auditors must be clearly detailed in an Engagement Letter provided by the external auditor.
- 10.4 Preparation of the financial statements will be undertaken by the finance agent, with assistance from the Finance Officer. A year-end timetable should be completed by the finance agent and be agreed with the external auditors 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 auditors. In addition, the financial statements must contain a report from the Management Committee to include comment on past and future developments, together with a separate Management Committee report on the systems of internal financial control.
- 10.5 Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting, normally the meeting scheduled for July or early August. Final audited accounts will be adopted at the Annual General Meeting, normally held in August or early September.

Financial regulations



-
- 10.6 Final audited and signed accounts will be submitted to the Scottish Housing Regulator (SHR), lenders, OSCR and to the Financial Conduct Authority within the required timescales following the financial year end.
 - 10.7 A copy of the auditor's management letter and the Management Committee's response to the management letter will also be submitted to the Scottish Housing Regulator within required timescales.
 - 10.8 The external audit function will be overseen by the Management Committee in line with good practice.

Internal audit

- 10.9 Internal auditors will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures. The scope of the audits will be reviewed annually and will be aligned to the key risks facing the Association. The Assurance sub-Committee will review the internal audit programme in light of any new/emerging risks and, where appropriate, make recommendations to the Management Committee in relation to any changes to the agreed programme.
- 10.10 Internal auditors will be appointed following a tendering process and will be appointed for a maximum of three years with an option to extend for up to an additional two years (subject to satisfactory performance during the period of the appointment).
- 10.11 The Management Committee will review all internal audit reports and progress reports and the Assurance sub-Committee will monitor the implementation of all agreed actions within set timescales. The internal auditor will routinely be invited to attend Assurance sub-Committee meetings.
- 10.12 The internal auditor will have access to all parts of the office, 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.
- 10.13 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures.

Financial regulations



10.14 The internal auditor may assist in the protection of the assets of the Association by carrying out regular reviews of operations in order to detect system weaknesses, inefficiencies, fraud, misappropriation and losses due to waste or maladministration.

10.15 The internal auditor will also monitor compliance with the Association's financial regulations and procedures.

Mini-audits

10.16 To supplement the internal audit programme, the Association carries out mini-audits. This is typically used to check controls in the service delivery part of the business, but we will give some thought to how this could be extended to financial controls. It should be borne in mind that in-house mini-audits are not intended in any way to replace the independent internal audit programme or the annual external audit, but they can provide some assurance in relation to controls in business areas not part of the current audit programme.

11. Fraud and other financial irregularities

11.1 The primary responsibility for the prevention and detection of fraud and errors rests with the Management Committee.

11.2 All matters in relation to fraud prevention, reporting, recording and associated matters are outlined in the Associations fraud policy which was last updated in May 2020.

12. Business planning

12.1 The Association has in place a rolling business plan (this normally covers a three-year period but has been shortened to one year in the immediate post-pandemic period and cost-of-living crisis). The business plan comprises three main documents – (i) the strategic plan, (ii) the delivery plan and (iii) the resourcing plan. It is supplemented by other key documents such as the long-term financial projections and the asset management plan.

12.2 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

Financial regulations



Association wants to achieve, the choices available and the key risks faced by the Association.

- 12.3 The content of the business plan takes account of the SHR's Business Planning Recommended Practice for RSLs, most recently published in December 2015 with Covid-19 updates in 2020 and 2021. It also reflects current thinking on business planning within the sector.
- 12.4 Performance against operational targets will be reviewed by the relevant sub-Committees monthly or quarterly (in line with their meeting schedule) and annually by the Management Committee, subject to any exceptions reporting on an *ad hoc* basis as required.
- 12.5 On at least an annual basis the achievement of strategic objectives will be considered and reported to the Management Committee, normally at the annual away day attended by all staff and Committee.

13. Approach to financial forecasting

- 13.1 The Director is responsible for long term financial planning on behalf of the Association, but s/he will be supported by the finance agent.
- 13.2 Long term financial forecasts will be prepared in accordance with timescales noted in section 13.5 and will be forwarded to lenders and auditors for information and consideration. Formal feedback will be sought from all parties reading the assumptions employed and the financial outturns.
- 13.3 The Association prepares and submits five-year financial projections to the SHR in the prescribed format and within the relevant timescales. These are presented to, and approved by, the Management Committee in accordance with existing guidance from SHR.
- 13.4 The Association will 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 income and expenditure, balance sheet and cashflow projections. A full and detailed business plan review will be undertaken annually. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the business plan document.

Financial regulations



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

- Details of main assumptions employed and sources of information
- 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
- 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
- Recognition of the Covid-19 pandemic and how this may impact our financial health

13.6 While the overall responsibility for this information lies with the Director, it is essential that all internal departments are involved to appropriate level and, in particular, that the finance agent has an input. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.

13.7 Given the impact that inflation and interest rates may have on the expected financial position, the finance agent will 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.

13.8 The finance agent will produce an annual timetable to accompany the financial forecasting process and this will take account of:

- Provision of, review and agreement on future maintenance plans
- Provision of, review and agreement on rental, staffing and development assumptions
- Production of draft projections
- Management team discussion, review and agreement of draft projections
- Reporting to Management Committee for approval
- Provision of information to external parties
- Feedback to Management Committee from external parties

13.9 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.

14. Annual budget

Preparation, review and approval

14.1 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.

14.2 This annual budget will comprise:

- Details of the main assumptions underlying the budget
- Projected statement of comprehensive income
- Projected statement of financial position
- Projected cashflow 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
- Any summary narrative commentary necessary for a clear understanding of the budget

14.3 The budget will be prepared by the finance agent 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 and associated documents; the information will be provided to the finance agent in early December and the initial figures will be informed from a series of staff review meetings to ensure as broad an input as possible. The Director 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 staff 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 twelve-month period.
- Amendments as a result of Management Committee review
- Final approval of the budget by the Management Committee

Budgetary control

- 14.4 Once approved, the budget will be regarded as the basis for authority to incur expenditure, subject to current standing orders, the scheme of delegated authority and any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved in the appropriate manner in line with these procedures.
- 14.5 It is the responsibility of all budgets holders to control relevant budgets. Budgetary control will be assisted by production of regular management accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates. Some cost centres will also be included in the spend tracker. The finance agent and Finance Officer will liaise to report on actual income and expenditure against budget at least quarterly to the Management Committee
- 14.6 The finance agent, in consultation with the Director, 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 budget monitoring reports and management accounts where necessary. Notwithstanding, it is the responsibility of individual budget holders to advise the Director and either the relevant sub-Committee or the Management Committee of any material variances once they begin to emerge.
- 14.7 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. Cashflow monitoring and covenant compliance will form a part of the management accounts. A copy of

Financial regulations



the approved budget and quarterly management accounts will be sent to the Association's lender(s) and external auditors.

- 14.8 In circumstances of emergency, expenditure may be incurred beyond authorisation levels in line with the delegated authorities approved by the Management Committee in June 2022. Any such expenditure must be reported by the Director to the next meeting of the Management Committee.
- 14.9 All staff taking reports to the Management Committee/sub-Committee should ensure that the financial implications of any course of action are fully detailed when the reports are issued. The Finance Officer or finance agent should be advised of any report that has material financial implications being taken to the Management Committee.

15. Cash controls

- 15.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.
- 15.2 Procedures for the receipt of funds are detailed in the financial procedures.
- 15.3 A petty cash float not exceeding £300 will be held for the purpose of making small payments and properly authorised expenses. The Finance Officer has day-to-day responsibility for petty cash payments. In the absence of the Finance Officer, the Corporate Services Officer or Corporate Services and Assurance Manager or, in their absence, the Director will assume responsibility for petty cash payments. Detailed petty cash procedures are detailed in the Association's financial procedures.
- 15.4 All bank accounts and petty cash accounts must be reconciled to the relevant books of account by one of the Finance Officer on a monthly basis.
- 15.5 The Finance Officer will be responsible for the safe custody of all banking documents, including cheques, and petty cash floats, these should be held within the locked drawer at the Finance Officer's desk as set out in the financial procedures. The Senior Housing Officer, Housing Officers and Housing Assistants will be responsible for the safe custody of the rent cash float which is held in a locked safe within the Association's office.

Financial regulations



15.6 In the event of any change to a supplier bank account being notified (whether by email, letter or telephone call) the Finance Officer will contact the payee directly and request written confirmation of the change. Such changes must be highlighted on the next available BACS payment list and be independently verified by the individual outwith the finance team who is certifying the BACS list for payment.

15.7 Where a new supplier is being set up, the Finance Officer will carry out appropriate checks (as outlined in 15.6 above) and, in addition, will make a small payment of £10 and seek confirmation that this has been received by the supplier prior to any larger payments being made.

16. Debtors controls

16.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.

16.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.

16.3 Rental income payments are the main source of revenue income for the Association and operational procedures will be reviewed regularly in order to monitor their effectiveness. Regular reports on rental information will be prepared by the Senior Housing Officer and submitted to the Operations sub-Committee (which meets nine times each year).

16.4 Factoring account invoices will be issued timeously on a quarterly basis in accordance with the factoring policy.

16.5 All other sums due and outstanding to the Association will be summarised within the quarterly management accounts. Such sums will include insurance claims outstanding, chargeable repairs and improvement works for owners.

16.6 Procedures relating to rents, factoring and other income generating areas will incorporate information on debtor control including the basis for monitoring and reporting sums due.

Financial regulations



16.7 All amounts considered irrecoverable must be formally reported to and approved by the Operations sub-Committee or the Management Committee before write off. This also includes any rent advance write offs.

16.8 Responsibility for debtors control within the Association is as follows: -

- (i) Rent arrears and service charges – Depute Director or Senior Housing Officer
- (ii) Factoring arrears – Corporate Services Officer
- (iii) Insurance claims outstanding – Depute Director
- (iv) Re-chargeable repairs – Senior Maintenance Officer
- (v) Wider Role claims outstanding – Director, Depute Director or Corporate Services and Assurance Manager
- (vi) All other sums due – as per the budget holder

17. Asset controls

17.1 The originals of all title deeds will be held in secure storage by the Association's solicitors or bankers.

17.2 The Association will maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail acquisition date, disposal date, estimated useful life for depreciation purposes and cost.

17.3 The Finance Officer and Depute Director will work together to ensure a register of all properties owned by the Association is maintained and kept up to date.

17.4 Details of housing components will be maintained by the maintenance section. This will provide details of the components in relation to each property/scheme, the date(s) of installation and the scheduled replacement date(s). Operational responsibility for this task falls to the Depute Director.

18. Procurement, contracts and tendering

18.1 All works, goods and services will be procured in accordance with the terms of the Association's procurement policy.

Financial regulations



-
- 18.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the procurement policy.
- 18.3 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 set out in section 30.
- 18.4 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the Finance Officer and budget holder will keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 18.5 Payment to contractors, whether on account or the final account, will be made in accordance with current procedures. The Finance Officer will meet regularly with the appropriate officer to monitor expenditure on contracts.
- 18.6 The Management Committee will be provided with quarterly updates on the progress of all main contracts, including a summary of the position of accounts on each contract.
- 18.7 For the absence of doubt, payment will not be made in advance of need unless agreed by the Management Committee and noted as permissible by the external auditor.

19. Books, registers and computer data

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

Books and Registers	Responsible Staff Member
(a) Cashbook	Finance Officer
(b) Petty Cash Book	Finance Officer
(c) Nominal Ledger	Finance Officer
(d) Purchase Ledger	Finance Officer
(e) Sales Ledger	Finance Officer
(f) Payroll Records	Finance Officer (with finance agent)
(g) Fixed Asset Register (housing)	Finance Officer
(h) Fixed Asset Register (other)	Finance Officer
(i) Rent Ledger	Finance Officer

Financial regulations



(j) Office Inventory	Finance Officer
(k) Register of Disposals	Director
(l) Register of Frauds and Bribery	Director
(m) Register of Payments and Benefits	Director
(n) Register of Interests	Director
(o) Register of Members	Director
(p) Register of Gifts & Hospitality	Director
(q) Complaints Register	Director
(r) Tender Register/Receipt Book	Depute Director
(s) Seal Register	Director

19.2 “Responsible staff member” refers to individual having responsibility for maintenance of and administration relating to each register. This responsibility may be delegated to another staff member by the responsible staff member.

19.3 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.

19.4 In conducting its operations the Association must comply with all aspects of the General Data Protection Regulation (GDPR). All such matters are the responsibility of the Director.

19.5 The Association’s IT co-ordinator is the Corporate Services and Assurance Manager (with support from the Director, Corporate Services Officer and the IT support company, Brightridge Ltd). The system administrator is currently the Finance Officer and user rights are noted within the Association’s IT policy.

20. Security

20.1 All staff are 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.

20.2 Access to computer systems must be restricted by the appropriate use of passwords and users should update passwords whenever prompted.

Financial regulations



Authorised access to the electronic financial systems for carrying out banking tasks and arranging payments is restricted as follows:

For setting up payments¹

- Finance Officer
- Corporate Services and Assurance Manager
- Senior Maintenance Officer

For releasing payments

- Director
- Depute Director
- Senior Housing Officer

20.3 Key person dependency is avoided as no one officer has adequate permissions to both set up and release a payment.

20.4 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 GDPR.

20.5 All staff have a full set of keys for access to the office premises. For the purposes of emergency call-outs, the individuals are:

- Karen Dyson (Finance Officer)
- Carylanne McLellan (Assistant Maintenance Officer)
- Kirsty Young (Housing Officer)

20.6 The petty cash box will be held in a locked drawer at the Finance Officer's desk. The rent cash safe is kept in the general office and is locked at all times. The keys to petty cash box are held by the Finance Officer in a locked drawer. The pass code to the rent safe (located beside the franking machine) is known only by staff members whose job requires them to access it.

¹ In the event that none of the three officers noted in section 13.1 is available, the Director, Depute Director or Senior Housing Officer may set payments up. However, where this occurs, a different authorising officer must release the payments in order to achieve a segregation of duties. This should occur by exception and not on a routine basis.

Financial regulations



20.7 Access to the main safe is restricted to:

- Director
- Depute Director
- Corporate Services and Assurance Manager
- Finance Officer
- Corporate Services Officer
- Corporate Services Assistant

20.8 All incoming post must be opened by one member of staff, normally the Corporate Services Assistant unless they is absent from work. Any cheques or cash received should be recorded on an incoming mail register and passed to the Finance Officer to review and verify.

20.9 The loss of office, property or petty cash keys must be notified to the Director (or, in their absence, the Depute Director or Corporate Services Officer) immediately.

21. Insurances

21.1 The Association's Depute Director is responsible for arranging all insurance cover on behalf of the Association, subject to other staff and the finance agent confirming cover requirements.

21.2 All senior staff will advise the Finance Officer by email of events likely to result in a change to the Association's insurance requirements.

21.3 The Finance Officer, in consultation with senior staff, will review all insurances during the year and report to the Management Committee thereon.

21.4 The submission of all insurance claims is the responsibility of the Assistant Maintenance Officer.

21.5 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.

21.6 The Association will ensure, prior to contracts commencing, that written agreement is received from external contractors that they will 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.

22. Risk management

- 22.1 The Association's approach to managing risk is detailed within the risk management policy.
- 22.2 All current activities and proposals for new activities will be subject to risk assessment using the methodology specified in the risk management policy.
- 22.3 Where potential risks are identified the activity will be included in the current risk matrix together with measures to eliminate or minimise the risk.
- 22.4 The staff team will review the risk matrix annually (normally November) and a carry out a mid-year review (normally in May); these will be reported to the Management Committee.

23. Value for money

- 23.1 The Association will 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 will be managed in line with the treasury management policy.
- 23.2 The Association's full approach to value for money is outlined in the value for money statement.

24. Treasury management

- 24.1 The Association's policy in relation to treasury management was most recently approved by the Management Committee in October 2022. It takes account of the Code of Practice on Treasury Management issued by the Chartered Institute of Public Finance and Accountancy issued in 2017 and relevant updates in 2021.
- 24.2 As the cornerstone of effective treasury management, the Association will create and maintain the following:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

Financial regulations



- 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.

24.3 The content of the policy statement and TMPs follows that contained in sections 6 and 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.

24.4 The Association's Management Committee will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in it TMPs.

24.5 The Association delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Director and finance agent and for the execution and administration of treasury management decisions to the Management Committee.

25. Travel, subsistence and other allowances

25.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be authorised and paid in accordance with the Association's policies and procedures on Committee members' and staff expenses.

25.2 All claims for payments of travel, subsistence and other expenses will require to be authorised in accordance with the current financial procedures.

26. Gifts, hospitality and interests

26.1 The giving and receiving of gifts and hospitality will be in accordance with the Association's payments and benefits policy.

26.2 All Committee members and staff will 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. The Director will maintain the register of interests in accordance with within the Association's policy on the subject.

27. Donations

- 27.1 The Association's approach to donations is detailed within the donations policy.
- 27.2 All donations must be approved by the Management Committee.

28. New projects and activities

- 28.1 Prior to committing the Association to any new projects or activities an evaluation, including a financial appraisal where appropriate, will be carried out and reported to the Management Committee for consideration and approval.
- 28.2 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.
- 28.3 External specialist and legal advice will be taken where appropriate.

29. Benchmarking and performance analysis

- 29.1 The Association's Director will 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 SHR published ratios and statistics
 - (c) Comparison with other RSLs who are members of the QEF benchmarking group (via the Annual Statistical Review)
 - (d) Comparison of results with Association's annual budget
 - (e) Comparison of actual and estimated loan covenant results
 - (f) Annual Return on the Charter (ARC)

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

- 29.2 All staff taking reports to the Committee/sub-Committee of preparing them for external distribution are responsible for the provision of information in line with

an agreed timetable confirmed by the Director and included within the operational plan. Senior staff have responsibility for ensuring the accuracy of all statistical information reports to the Committee or externally within their own areas of responsibility.

30. Incurring and authorising expenditure

30.1 **The limits outlined in this section relate to budgeted expenditure** (ie where the Management Committee or relevant sub-Committee has agreed to the expenditure). Unbudgeted expenditure is addressed in the standing orders and delegated authorities document and is summarised in section 30.8 below.

30.2 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.

30.3 The Management Committee approve budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets subject to standing orders and the current scheme of delegated authority.

30.4 There are three types of action involved in authorising expenditure:

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

b) & c) are covered within the financial procedures.

It should be borne in mind that taking on commitment to spend is critical as this will normally be the point at which the Association will be liable to honour the commitment.

30.5 Levels of approval of commitment to spend are noted below:

- i) Capital expenditure (excluding properties but including ICT, copiers and associated maintenance contracts)

Financial regulations



a) Up to £500	<ul style="list-style-type: none"> • Corporate Services Officer
b) Up to £10,000	<ul style="list-style-type: none"> • Corporate Services and Assurance Manager
c) No limit for budgeted expenditure	<ul style="list-style-type: none"> • Director • Depute Director

ii) Capital expenditure (properties)

a) Purchase of a property previously agreed by the relevant Committee/sub-Committee	<ul style="list-style-type: none"> • Director • Depute Director
b) Development spend within approved contract sums	<ul style="list-style-type: none"> • Director • Depute Director
c) Expenditure on all planned and cyclical maintenance works specified in the approved budget for the relevant year	<ul style="list-style-type: none"> • Director • Depute Director
d) Contract variations over £10,000 or 10%, whichever is the higher	<ul style="list-style-type: none"> • Management Committee • Relevant sub-Committee

Where the Director and Depute Director are both absent and authorisation is required prior to their return, the Corporate Services and Assurance Manager may commit to/authorise the expenditure. This should only occur in exceptional circumstances and the CSAM should advise both the Director and Depute Director by email that this has been done.

iii) Staff Appointments, salaries and staff costs

a) Staff appointments that are within the approved structure up to Grade 8	<ul style="list-style-type: none"> • Director • Depute Director • Corporate Services and Assurance Manager
b) Staff appointments that are within the approved structure at Grade 9	<ul style="list-style-type: none"> • Director • Depute Director • Chair of the Assurance sub-Committee

Financial regulations



c) Staff appointments that are within the approved structure at Grade 10	<ul style="list-style-type: none"> • Chairperson of the Association • Chairperson of the Assurance sub-Committee
c) Temporary staff on Grades 1 to 9	<ul style="list-style-type: none"> • Director • Depute Director
d) Temporary staff on Grades 10	<ul style="list-style-type: none"> • Chairperson on the Association • Chairperson of the Assurance sub-Committee
e) Salary reviews	<ul style="list-style-type: none"> • Director
f) Staff expenses	<ul style="list-style-type: none"> • Grade 9 or 10 officer
g) Committee expenses	<ul style="list-style-type: none"> • Director • Depute Director • Corporate Services and Assurance Manager
h) Director's expenses	<ul style="list-style-type: none"> • Depute Director • Corporate Services and Assurance Manager
i) Overtime	<ul style="list-style-type: none"> • Director • Depute Director
j) Director's overtime	<ul style="list-style-type: none"> • Office bearer

Where the Director and Depute Director are both absent and authorisation is required prior to their return, the Corporate Services and Assurance Manager may act on their behalf. This should only occur in exceptional circumstances and the CSAM should advise both the Director and Depute Director by email that this has been done.

iv) Frontline service delivery

a) Costs related to housing management and maintenance up to £250	<ul style="list-style-type: none"> • Housing Assistant • Corporate Services Assistant
b) Costs related to housing management and maintenance up to £500	<ul style="list-style-type: none"> • Housing Officer • Corporate Services Officer • Finance Officer • Assistant Maintenance Officer
c) Costs related to the welfare rights service up to £500	<ul style="list-style-type: none"> • Welfare Rights and Tenancy Sustainment Officer

Financial regulations



d) Costs related to maintenance up to £1,000	<ul style="list-style-type: none"> • Maintenance Officer
e) All service delivery related costs up to £2,500	<ul style="list-style-type: none"> • Senior Housing Officer • Senior Maintenance Officer
f) Any costs related to service delivery up to 10,000	<ul style="list-style-type: none"> • Corporate Services and Assurance Manager
g) Responsive maintenance, void works, cyclical works, non-component planned maintenance – no limit	<ul style="list-style-type: none"> • Director • Depute Director
h) Agreeing variations to planned/cyclical contracts once on site to the value of £10,000, or 10% of the total contract value, whichever is the higher amount	<ul style="list-style-type: none"> • *Director • *Depute Director <p>*Following approval by the Operations sub-Committee</p>
i) All other unbudgeted costs over £10,000	<ul style="list-style-type: none"> • *Director • *Depute Director <p>*Following approval by the Management Committee or Assurance sub-Committee (with onward notification to the Management Committee)</p>

Where the Director and Depute Director are both absent and authorisation is required prior to their return, the Corporate Services and Assurance Manager may commit to/authorise the expenditure. This should only occur in exceptional circumstances and the CSAM should advise both the Director and Depute Director by email that this has been done.

v) Office administration and other general expenses

a) Up to £250	<ul style="list-style-type: none"> • Corporate Services Assistant
b) Up to £500	<ul style="list-style-type: none"> • Finance Officer • Corporate Services Officer
c) Up to £2,500	<ul style="list-style-type: none"> • Grade 8 member of staff
d) Up to £10,000	<ul style="list-style-type: none"> • Corporate Services and Assurance Manager

Financial regulations



e) Over £10,000	<ul style="list-style-type: none">• Director• Depute Director
-----------------	--

Where the Director and Depute Director are both absent and authorisation is required prior to their return, the Corporate Services and Assurance Manager may commit to/authorise the expenditure. This should only occur in exceptional circumstances and the CSAM should advise both the Director and Depute Director by email that this has been done.

vi) Community Connector role

a) Costs related to the Community Connector role – up to £500	<ul style="list-style-type: none">• Community Connector• Senior Housing Officer• Senior Maintenance Officer
c) All Community Connector costs up to £10,000	<ul style="list-style-type: none">• Corporate Services and Assurance Manager
d) All Community Connector costs over £10,000	<ul style="list-style-type: none">• Director• Depute Director

Where the Director and Depute Director are both absent and authorisation is required prior to their return, the Corporate Services and Assurance Manager may commit to/authorise the expenditure. This should only occur in exceptional circumstances and the CSAM should advise both the Director and Depute Director by email that this has been done.

30.6 Because of the need to exercise tight financial controls, the above are necessarily prescriptive. Care must be taken, however, not to allow the financial regulations to affect the staff team's ability to act in a day-to-day basis to a level that threatens the smooth running of the business. As a result, we have attempted to make provision for periods when key members of staff are absent from work and authorisation is required for the Association's effective operation. Each of these has been covered in sections 30.5(i) to 30.5(vi).

30.7 All staff, particularly those authorising expenditure normally outwith their delegated authority levels required in order to allow the business to function and/or to deal with an emergency, should be aware that this should not occur routinely.

Financial regulations



30.8 Unbudgeted expenditure

30.8.1 Any non-emergency expenditure up to £10,000 in total outwith set budgetary limits may be approved by the Director or Depute Director who will report such matters for retrospective approval to the Management Committee.

30.8.2 Any unbudgeted expenditure exceeding £10,000 (or, in the case of development or planned/cyclical maintenance works, 10% if this is higher than £10,000) must be agreed by the Management Committee or relevant sub-Committee. Once approval has been given, the expenditure will be treated as budgeted for the purposes of these regulations and the limits outlined in section 30.5 will apply.

31. Authorised signatories

31.1 The following outlines the responsibility for preparing and approving payments. In the case of the BACS payment list and BACS online payment, authorisation of an amount must only be made once the invoice has been approved in the required manner.

BACS Payment List

Prepared by Finance Officer, Corporate Services and Assurance Manager or Senior Maintenance Officer

Authorised by Director, Depute Director or Senior Housing Officer

BACS Payment (online banking)

Prepared by Finance Officer, Corporate Services and Assurance Manager or Senior Maintenance Officer

Authorised by Director, Depute Director or Senior Housing Officer

Cheque payments

Prepared by Finance Officer or Corporate Services and Assurance Manager

Authorised by Two from the four authorised signatories (as varied from time to time by the Management Committee)

Grant offers

Authorised by Office Bearers, Director or Depute Director (or as otherwise agreed by funders, such as the Scottish Government or GCC)

HAG claims

Prepared by Finance Officer, Director or Depute Director (unless involved in authorisation)

Authorised by Director or Depute Director (unless involved in preparation)

Private finance drawdown

Financial regulations



Prepared by Finance Officer or Corporate Services and Assurance Manager

Authorised by Office Bearers, Director or Depute Director

Scottish Government grants

Prepared by Finance Officer or Corporate Services and Assurance Manager

Authorised by Office Bearers, Director or Depute Director (or as otherwise agreed by the Scottish Government)

31.2 A copy of all sample signatory forms issued to third parties must be retained by the Finance Officer and accessible to the Director, Depute Director and the Corporate Services and Assurance Manager.

32. Budget holders

32.1 The following lists outline the budget holders who have responsibility for monitoring and reporting on expenditure in their own budget areas:

Director	<ul style="list-style-type: none"> • Employee costs • Staff expenses • Consultant costs • Committee expenses • Committee training • Staff training – overall budget • Further education • Staff recruitment • Donations • General legal fees • Other fixed assets • New build projects • Audit fee (internal and external) • Bank charges • Insurance • Loan payments
Depute Director	<ul style="list-style-type: none"> • Rent and rates • Reactive maintenance • Void costs • Major repairs • Cyclical maintenance • Estate management • Commercial property cost • Component replacement costs • Service costs

Financial regulations



	<ul style="list-style-type: none"> • Bad debts • Staff training (where line/department manager) • Subscriptions • Tenant participation • Wider action • Consultant costs – housing management or maintenance • Advertising and promotion
Corporate Services and Assurance Manager	<ul style="list-style-type: none"> • Consultant costs – corporate • Investing in Communities Fund • ICT • Tenant participation • Staff training (where line/section manager) • Costs directly related to CSAM function • Costs for which the CSO is budget holder
Senior Housing Officer	<ul style="list-style-type: none"> • Legal fees – housing • Staff training (where line manager) • Costs directly related to the SHO function
Senior Maintenance Officer	<ul style="list-style-type: none"> • Reactive maintenance spend • Planned and cyclical maintenance spend • Staff training (where line manager) • Costs directly related to the SMO function
Finance Officer	<ul style="list-style-type: none"> • General expenses • Heat, light and cleaning • Office repairs/concierge • Office equipment maintenance • Postage • Telephones • Staff uniforms
Corporate Services Officer	<ul style="list-style-type: none"> • Printing costs • Stationery and associated items • Costs associated with promotional materials • Expenditure on programmed events • Newsletters and bulletins • Website • Staff training (where line manager) • Catering

Please note that the above is indicative rather than exhaustive.

32.2 Any budget areas not covered by the above will be the responsibility of the Director unless expressly delegated to another member of staff.

Financial regulations



33. Policy review

- 33.1 A review of the financial regulations will take place at least every three years or earlier if required by legal, regulatory or best practice requirements or if requested by the Management Committee. The next review will take place no later than October 2025.

Financial regulations



Staff declaration

Please sign below that you have read and understood the Association's financial procedures approved on 27 October 2022.

1. _____	Date: _____
2. _____	Date: _____
3. _____	Date: _____
4. _____	Date: _____
5. _____	Date: _____
6. _____	Date: _____
7. _____	Date: _____
8. _____	Date: _____
9. _____	Date: _____
10. _____	Date: _____
11. _____	Date: _____
12. _____	Date: _____
13. _____	Date: _____
14. _____	Date: _____
15. _____	Date: _____
16. _____	Date: _____
17. _____	Date: _____
18. _____	Date: _____
19. _____	Date: _____
20. _____	Date: _____