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Title	Financial Regulations
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Next Revision Date	January 2024
Related Documents	Treasury Management Policy Procurement Strategy and Policy Anti – fraud and Money Laundering Policy Risk Strategy and Policy Expenses Policy Entitlements, Payments and Benefits Policy
Location of Electronic Copy	F:\LIVE POLICIES

## **1. Viewpoint's Values**

Viewpoint is here to help people enjoy their later years. Everything we do is about realising this vision, which is supported by the following straightforward set of values:

- Inspire with positive smiles and words;
- Say 'yes I can and I will';
- Celebrate age, experience and wisdom;
- Do according to our customers' wishes and ambitions;
- Treat people (everyone is a VIP) as we would a "loved one";
- Work hard, have fun and laugh;
- Stay courageous, creative and ahead of the game; and
- Work with those that share our values.

These promises shape us. They're a commitment to our residents, staff and suppliers. They are fundamental to every single plan, decision and project we embark on.

Ensuring that we have robust financial regulations in place will support us in the delivery of those plans, decisions and projects, in accordance with our vision and values.

## **2. Policy Statement**

- 2.1 This document sets out Viewpoint's financial regulations. There are links with other policies and procedures and therefore should be read in conjunction with these policies (see Related Documents on cover page above).
- 2.2 This document replaces the financial regulations approved by the Risk and Audit Committee in October 2019.
- 2.3 For the absence of doubt, if there is any conflict between the financial regulations and other policies/procedures, the financial regulations will prevail.
- 2.4 Viewpoint Housing Association Limited (Viewpoint) is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1228RS. The Association is governed under its Rule Book and is a registered Scottish Charity with the charity number SCO05619.
- 2.5 Viewpoint is governed by a voluntary Board of Trustees (Board) whose members are elected by the membership of the Association and are

unpaid. The Board is supported by a Risk and Audit Committee, an Operations Committee and a Remuneration Committee. Board members have adopted the SFHA Code of Conduct for Governing Body Members.

2.6 Day to day operational management is delegated by the Board to the Executive Team. The Chief Executive Officer (CEO) and Executive Team members hold no interest in Viewpoint's share capital and although not having the legal status of directors, act as Executives within the authority delegated by the Board.

### **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.

3.2 The Board of Viewpoint acts for and in the name of Viewpoint and has ultimate control over all aspects of Viewpoint's work and ensures financial and legal responsibilities are properly fulfilled. The Board's financial responsibilities are undertaken by way of delegated authorities including delegation to CEO and Director of Finance and Assets (DFA). These regulations are in place to provide the necessary reassurance to the Board that the delegated financial management of the Association is carried out in a manner which ensure compliance with the Board's responsibilities.

3.3 It is the Board's responsibility to ensure that the Association does not continue to trade if there are reasonable grounds for believing that it is insolvent. The CEO or DFA must inform the Board and the Scottish Housing Regulator without delay should they suspect that this maybe the case.

3.4 Financial regulations are an integral part of the management of Viewpoint's financial affairs. Adherence to these regulations will ensure that all financial transactions are conducted in a manner which demonstrates proper financial stewardship and accountability. These financial regulations are to be considered in the context of the Standing Orders and Rules and will be reviewed annually and updated as policies and circumstances change.

The responsibility of the financial management, and therefore the extent to which these regulations apply, includes the following duties:

- The preparation and proposal of annual budgets and longer-term

- plans;
- The preparation and presentation of management accounts and key performance data;
- The preparation of annual accounts;
- The monitoring of the day-to-day running of the Association's finances, including advising on internal financial controls;
- The adherence to all regulatory and statutory requirements in relation to financial matters

The Board shall not consider: -

- A new policy; nor
- A development or variation of existing policy; nor
- A variation in the means or time scale of implementing existing policy which affects or may affect the Association's finances

Unless they have before them at the time a full statement of the financial implications associated with the change or a statement that there is no financial implication.

This policy overarches all other Finance policies and therefore should be read in conjunction with the policies outlined on cover page above.

#### **4. Board Responsibilities**

- 4.1 The Board 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 residents.
- 4.2 Statute requires the Board to prepare financial statements for each financial year and it is the Board which is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.
- 4.3 The Board is also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 4.4 Board members have a duty towards the Association, its staff, tenants and residents. They must therefore seek good quality information and advice at all times and ensure that their decisions are based on the same. 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.

4.5 The Board must also ensure compliance with the Scottish Housing Regulator (SHR) Regulatory Standards of Governance and Financial Management, OSCR and any other regulatory or statutory requirements.

## **5. Staff Responsibilities**

- 5.1 The CEO is responsible to the Board for the implementation of the strategic, policy and procedural decisions taken by the Board and the day to day management of the Association. The CEO is also responsible for the promotion of the Association and for co-ordinating the activities of the Executive Team, the Leadership Group and the wider staff team. The CEO is responsible for ensuring the Board receives all the information and relevant guidance and training which it requires to meet its obligations.
- 5.2 All senior staff are responsible for ensuring staff members within their respective departments understand their 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 department. They are also responsible for managing the financial budgets allocated to their area of responsibility.
- 5.3 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.
- 5.4 The responsibilities and duties of staff members are contained within individual job descriptions. The responsibilities and duties of any Agents or service providers are contained within the relevant Service Level Agreement.
- 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. Nothing in the supporting policies will override the principles embodied in the Regulations.

## **6. Director of Finance and Assets**

The DFA is responsible to the CEO for the administration and control of the Finance department. Responsibilities include:-

- Assisting in long-term planning and preparing 30 year financial projections on an annual basis;
- Assisting in rent setting;
- Co-coordinating input into the preparation of the annual budget;
- Presenting management accounting reports to the Board and the Risk and Audit Committee on a timely basis;
- Preparing the annual accounts and liaising with the Association's auditors in respect of the year end audit;
- Monitoring the day to day running of the Association's finances;
- Maintaining effective and efficient systems of financial control and reporting;
- Preparing the Five Year Projections for the Scottish Housing Regulator
- Ensuring the Association has adequate insurance policies in respect of buildings, office equipment and public liability;
- Ensuring that all the Association's development projects have the required level of funding at the time it is required and that all eligible grants for such projects have been claimed and that adequate loan finance has been arranged;
- Implementing and operating the Treasury Management Policy of the Association with regard to the investment of surplus funds to the benefit of the Association but with the minimum of risk and without contravening statutory restrictions and the Association's rules;
- Contributing to the preparation of the strategic plan and ensuring these are cascaded through the Finance department;
- Implementing decisions taken by the Board or the Risk and Audit Committee on financial matters;
- Taking such emergency or short term action as may be necessary to protect or promote the Association's financial position, subject to the reporting of all such actions to the CEO and to the following meeting of the Board;
- Dispatching financial returns and other periodic financial reports to the regulatory body and other agencies as required;
- Conduct regular risk reviews on controls in place to prevent fraud (including bribery) and money laundering;
- Any other duties prescribed in the job description.

## **7. Accounting**

- 7.1 All accounting procedures of the Association shall be followed by the DFA in accordance with requirements of statutory agencies, authorities and good practice and current guidance.
- 7.2 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.
- 7.3 All accounting policies of the Association shall be contained within the annual financial statements and will be reviewed annually. Any changes made to the Accounting policies out with the normal cycle will be presented to the Board for approval.
- 7.4 The financial statements are prepared on an historical cost basis and in accordance with applicable accounting standards. Where valuations have been obtained for the fixed assets then the Board will decide if the valuations should be incorporated into the Statement of Financial Position of the Association. The accounts are prepared for the financial year ending 31 March each year, in the format required by the Statement of Recommended Practice (SORP) on Accounting for Registered Social Landlords published by the National Housing Federation.
- 7.5 The annual accounts will also reflect the SHR's publication "Determination of Accounting Requirements" – February 2019 Regulatory Guidance.
- 7.6 The annual accounts will also reflect the requirements of the SHR's "The Standards of Governance and Financial Management for RSLs" (published February 2019).

## **8. Audit requirements**

### **External Audit**

- 8.1 External auditors will be appointed at each Annual General Meeting, following a recommendation by the Board in line with the Association's Rules and current statutory requirements.
- 8.2 Auditors will be appointed following a tendering process and, in accordance with good practice and the Rules, the Association will tender its external auditors on a three years (plus one plus one year extension) basis (unless the service is unsatisfactory and an earlier tender exercise is required).

- 8.3 The role of the external auditors must be clearly detailed in an Engagement Letter provided by the external auditor.
- 8.4 Preparation of the financial statements will be undertaken by the DFA and Assets and the Head of Finance (HF). A year-end timetable should be completed by the DFA 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 Board to include comment on past and future developments, together with a separate Board report on the systems of internal financial control.
- 8.5 Draft audited financial statements will be presented to the Board or approval at an appropriate meeting, normally the meeting scheduled for August. Final audited accounts will be adopted at the Annual General Meeting, normally held in September. Authority for operational oversight of the external audit process is delegated from the Board to the Risk and Audit Committee and would include audit planning and post audit discussion.
- 8.6 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.
- 8.7 A copy of the auditor's Management Letter and the Board response to the Management Letter will also be submitted to the Scottish Housing Regulator within required timescales.
- 8.8 The external audit function will be overseen by the Board in line with good practice.

### **Internal audit**

- 8.9 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 by the Risk and Audit Committee and will be aligned to the key risks facing the Association. The Risk and Audit Committee will review the internal audit programme in light of any new/emerging risks and, where appropriate, make recommendations to the Board in relation to any changes to the agreed programme.



- 8.10 Auditors will be appointed following a tendering process and, in accordance with good practice and the Rules, the Association will tender its internal auditors on a three years (plus one plus one year extension) basis (unless the service is unsatisfactory and an earlier tender exercise is required).
- 8.11 The Risk and Audit Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales.
- 8.12 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.
- 8.13 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures.
- 8.14 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.
- 8.15 The internal auditor will also monitor compliance with the Association's Financial Regulations and Procedures.

## **9. Fraud and other financial irregularities**

- 9.1 The primary responsibility for the prevention and detection of fraud and errors rest with the Board.
- 9.2 All matters in relation to fraud prevention, reporting, recording and associated matters are outlined in the Association's Anti-Fraud and Money Laundering Policy.
- 9.3 The Association will ensure that it maintains adequate procedures to prevent bribery.

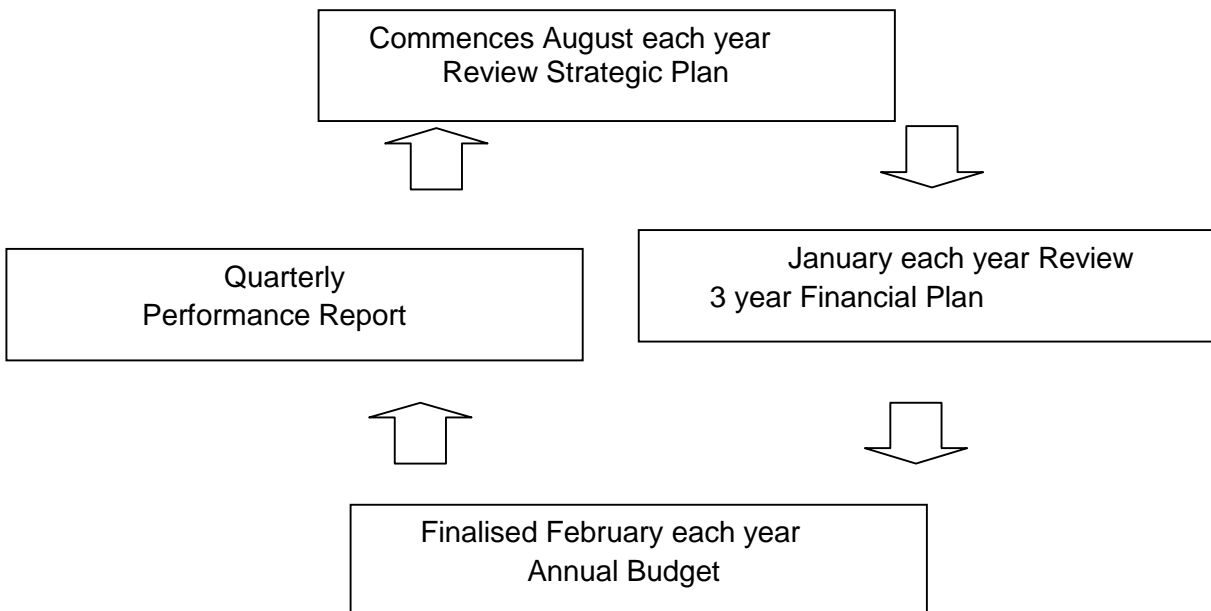
## **10. Business planning**

10.1 The Association prepares the following:

- 30 year financial plan which is reviewed and updated every year;
- 3 year business plan setting out the context of a medium term vision for the Association and forms part of the strategic plan. This is updated annually;
- Annual budget which is produced annually and is based on and consistent with the strategic plan and in particular the 3 year business plan.

The strategic plan will be used as a reference for staff and to drive all key decisions required to achieve the Association’s objectives in a performance-based culture. The Board shall review the three year business plan each year as part of the strategic plan review. This review will cover the Association’s visions, mission, values, strategic objectives, targets and strategies. From this, key programs, operational plans and targets will be set. A financial appraisal will be carried out for all potential new business ventures by the Senior Finance Team and DFA prior to approval being sought from the Executive and then the Board.

The timing of the business plan and budget cycle is illustrated below:



The budget is a financial interpretation of the Operational plans of Viewpoint which in turn are in accordance with the Strategic Plan.

10.2 The content of the business plan should recognise and reflect the Standards of Governance and Financial Management for RSLs. It should include:

- Vision and values
- Profile of the Association and achievements (including analysis of our customer profile, stock, rents, performance and asset management).
- Analysis of the operating environment (using PEST, SWOT and risk analysis)
- Strategic objectives
- Annual delivery plans
- Financial analysis (including scenario planning and sensitivity testing)

10.3 The Association will also prepare a detailed operational plan that will set departmental performance targets and KPIs, and will feed into the annual budget setting process and the Association's risk management procedures.

10.4 Performance against operational targets will be reviewed by the relevant sub committees and by the full Board.

10.5 On at least an annual basis the achievement of strategic objectives will be considered and reported to the Board, normally at the annual away day attended by all Board and Executive Team.

## **11. Approach to financial forecasting**

11.1 The DFA is responsible for long term financial planning on behalf of the Association supported by the HF.

11.2 Long term financial forecasts will be prepared in accordance with timescales noted in section 11.5 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.

11.3 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 Board in accordance with existing guidance from SHR.

- 11.4 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 cash flow 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.
- 11.5 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
- 11.6 While the overall responsibility for this information lies with the DFA supported by the HF, it is essential that all internal departments are involved to an appropriate level. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.
- 11.7 Given the impact that inflation and interest rates may have on the expected financial position, the DFA will seek external market information regarding future expected rates for these areas.
- 11.8 The DFA 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 Board for approval
- Provision of information to external parties
- Feedback to Board from external parties

11.9 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.

## **12. Annual budget**

### **Preparation, review and approval**

12.1 An annual budget must be approved by the Board 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.

12.2 This annual budget will comprise:

- Details of the main assumptions underlying the budget
- Projected Statement of Comprehensive Income
- Projected Statement of Financial Position
- Projected Cash Flow Statement
- Detailed capital budgets for all projects
- Monthly cash flow projections
- Loan covenant compliance performance
- Any summary narrative commentary necessary for a clear understanding of the budget

12.3 The budget will be prepared by the DFA supported by the HF on a zero based budgeting approach based on the business objectives contained within the strategic plan. The HF will meet with the relevant budget holders to discuss requirements for the following year. These meetings will take place in August and September to enable a draft budget to be presented to the Board in October. The Board will then be able to approve proposed rent and service charge levels to enable tenant consultation to take place before Christmas each year.

The HF 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 budget holders for review and approval
- Submission of draft budget to Executive Team for review and approval
- Submission of draft budget to Board 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 Board review
- Final approval of the budget by the Board

12.4 Budgets will be prepared with reference to the following information;

- Strategic and Operational Plans
- Detailed budget assumptions received from budget holders
- Planning assumptions based on information from external funding sources
- Previous year's budget and actual spend
- Historic cost information (including reference to historical assumptions)
- New planned activities (subject to approved project appraisals)
- Planned capital expenditure
- Estates/buildings/maintenance issues
- Key performance indicator targets
- Staffing requirements
- Resource and risk maps
- Relevant policies and procedures (including the rent and service charge policy)
- External information including economic climate, market information, demographics and benchmarking trends
- Any other relevant issues including discontinued activities

### **Budgetary control**

12.5 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 Board. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved by the Board in line with these procedures.

12.6 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. The DFA and HF will liaise to report on actual income and expenditure against budget at least quarterly to the Board.

- 12.7 The DFA, in consultation with the HF, 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 DFA and HF and either the relevant sub-committee or the Board of any material variances once they begin to emerge.
- 12.8 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 lender(s).
- 12.9 A quarterly performance report will be provided to the Board, this will include quarterly management accounts, prepared by the finance department, as well as Key Performance Indicator's data linked to the critical success factors for the Association. The report will also contain variance analysis, narrative (including actions taken on variances), a cash flow statement, a balance sheet and financial forecasts in a format agreed by the Board.

The range of Key Performance Indicator's, pre-determined by the Board and the Executive Team, will be reported to Executive Team on a monthly basis. The quarterly summary will then be transferred to Quarterly Performance report for the Board. Targets set with reference to the annual business plan will be used to measure performance and direct remedial actions. Additionally, performance against external benchmarks will be applied where possible.

Variations from KPI targets and budgets will be highlighted and budget holders will be required to report explanations for variations,

complete with a full description on corrective action being taken. To facilitate this, the HF will meet monthly with each Budget Holder to discuss variances and identify reasons for these.

Budget Holders will agree to operate their area of responsibility within the agreed budget, and to notify the HF immediately of any occurrence that may influence their ability to do this successfully. The HF will then assess the impact of this and take any appropriate action necessary. It is the ultimate responsibility of the budget holder to remain within Budget, however it may be necessary for the budgets to be realigned during the year to respond and address areas where performance has deviated from that projected. Budget realignment can be only be authorised by the Board and this will only be done with the recommendation of the CEO and the DFA. This is to ensure that operation of the Association's financial plans link to the corporate strategic agenda and that individual budgets are not operated in isolation of one another.

- 12.10 All staff taking reports to the Board /sub-committees should ensure that the financial implications of any course of action are fully detailed when the reports are issued. The DFA and HF should be consulted prior to any report that has material financial implications going to the Board.

### **13. Cash controls**

- 13.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are held by the HF.
- 13.2 All bank accounts and petty cash accounts must be reconciled to the relevant books of account by one of the Finance Officers on a monthly basis. These reconciliations will be reviewed and certified as accurate by the Finance Team Leader/HF.
- 13.3 The Finance Team Leader will be responsible for the safe custody of all banking documents, including cheques, and petty cash floats, these should be held within the safe in the Finance department
- 13.4 All changes to supplier bank account details must be notified to the Finance department on the suppliers headed paper. Where there is any doubt over the authenticity of these notifications a member of the Finance department will contact the supplier directly to validate.



13.5 Small petty cash floats are held at each care home but monthly reconciliations are carried out by the Finance team and stored securely.

#### **14. Debtors controls**

14.1 The Association acknowledges the requirement to maximise income collection.

14.2 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.

14.3 Rental income payments and care home fees are the main sources of revenue income for the Association and operational procedures will be reviewed regularly in order to monitor their effectiveness. Rent and care home arrears will be included in the departmental management accounts supplied to Housing and Support and Care Homes respectively and discussed where appropriate.

14.4 All other sums due and outstanding to the Association will be summarised within the quarterly management accounts.

14.5 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.

14.6 The CEO and Director of Housing and Support (DHS) can approve rent and fee arrears write offs up to £250 per account. Amounts above £250 per account require Board approval. All amounts considered irrecoverable must be formally reported to the Board on a quarterly basis.

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

- (i) Rent Arrears and service charges - DHS
- (ii) Factoring Arrears - DFA
- (iii) Insurance Claims outstanding -DFA
- (iv) Re-chargeable Repairs - DHS
- (v) All other sums due - DFA

## **15. Asset controls**

- 15.1 The originals of all title deeds will be held in secure storage by the Association's solicitors or bankers.
- 15.2 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.
- 15.3 The Association will undertake annual reviews of the register to verify continued ownership and existence of these fixed assets. This task will be undertaken by the DFA and HF.
- 15.4 Equipment maintenance contracts and leasing contracts will be entered into the contracts register. Details to be inserted on the register include the procurement process, service provider, start date, termination date, and asset being maintained/leased and cost. This register will be updated as required and will be held in an electronic format.
- 15.5 The DFA and HF will work together to ensure a register of all properties owned by the Association is maintained and kept up to date.
- 15.6 Details of housing components will be maintained by the Asset department. This will provide details of the components in relation to each property/scheme, the date(s) of installation and the scheduled replacement date(s). Details of any changes should be notified electronically to the Finance department.

## **16. Procurement, contracts and tendering**

- 16.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Policy.
- 16.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the Procurement policy.

- 16.3 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 27.
- 16.4 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the HF and budget holder will keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 16.5 Payment to contractors, whether on account or the final account, will be made in accordance with current procedures. The HF will meet regularly with the appropriate officer to monitor expenditure on contracts.

## 17. Books, registers and computer data

- 17.1 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) Nominal Ledger	HF
(b) Purchase Ledger	HF
(c) Sales Ledger	HF
(d) Payroll Records	HF
(e) Fixed Asset Register (housing)	HF
(f) Fixed Asset Register (other)	HF
(g) Rent Ledger	HF
(h) Office Inventory	HF
(i) Register of Disposals	DFA
(j) Register of Frauds and Bribery	DBS
(k) Register of Payments and Benefits	DFA
(n) Register of Interests	DFA
(o) Register of Members	DFA
(p) Register of Gifts & Hospitality	CEO
(q) Complaints Register	CEO
(r) Tender Register/Receipt Book	DFA
(s) Seal Register	DBS

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.

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.

- 17.2 In conducting its operations the Association must comply with all aspects of the Data Protection Act. All such matters are the day to day responsibility of the Director of Business Support (DBS).
- 17.3 The Association's IT co-ordinator is the DBS. The system administrator is currently the DBS and user rights are noted within the Association's IT Policy.

## **18. Security**

- 18.1 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. Any risks to the Association must be notified to a member of the Executive Team immediately.
- 18.2 All information held on computer systems is backed up on a daily basis and synchronised offsite automatically to cloud storage Disaster Recovery solution. It is the responsibility of the DBS to ensure that this task is undertaken.
- 18.3 Access to computer systems must be restricted by the appropriate use of passwords, which are prompted to be changed every 30 days. Access to the electronic financial systems for carrying out banking tasks and arranging payments is restricted to the members of the Executive Team and the HF.
- 18.4 The DBS 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.

- 18.5 All staff have an electronic card for access to the office premises. The Association operates a rota on call system for purposes of emergency call-outs.
- 18.6 The Finance petty cash box is kept in the Finance Safe. The additional petty cash float for Housing of £200 is kept in Housing Key Box. The safe/s are locked at all times.
- 18.7 The loss of office, property or petty cash keys must be notified to the DFA/HF.

## **19. Insurances**

- 19.1 The Association's DFA is responsible for arranging all insurance cover on behalf of the Association, subject to other staff confirming cover requirements.
- 19.2 All senior staff will advise the DFA by email of events likely to result in a change to the Association's insurance requirements.
- 19.3 The DFA, in consultation with senior staff, will review all insurances during the year.
- 19.4 The overall responsibility for coordination of all insurance claims is the responsibility of the HF.
- 19.5 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.
- 19.6 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.

## **20. Risk management**

- 20.1 The Association's approach to managing risk is detailed within the Risk Strategy and Policy.

- 20.2 All current activities and proposals for new activities will be subject to risk assessment using the methodology specified in the Risk Strategy and Policy.
- 20.3 Where potential risks are identified the activity will be included in the current risk register together with measures to eliminate or minimise the risk.
- 20.4 The Executive Team will review the risk register on a quarterly basis and present this to each meeting of the Risk and Audit Committee and six monthly to the Board.

## **21. Value for money**

- 21.1 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.
- 21.2 The Association will endeavour to achieve value for money through all its procurement – see Procurement Strategy and Policy.

## **22. Treasury management**

- 22.1 The Association's Treasury Management Policy will be reviewed every three years. It takes account the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Treasury Management in the Public Services : Code of Practice ("The Code") and acknowledges the three Key Principles as set out in Section 4 of the Code: specifically:
- Key Principle 1: Public Service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
  - Key Principle 2: Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that the responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including the use of any

financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

- Key Principle 3: They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives, and that within the context of effective risk management, their treasury management policies and practices should reflect this.

22.2 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.

22.3 The Association's Board (sub-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 its TMPs.

22.4 The Association delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the DFA and for the execution and administration of treasury management decisions to the Board.

## **23. Travel, subsistence and other allowances**

23.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be authorised and paid in accordance with the Association's Expenses Policy.

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

## **24. Gifts, hospitality and interests**

24.1 The giving and receiving of gifts and hospitality will be in accordance with the Association's Entitlements, Payments and Benefits Policy.

24.2 All Board 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 CEO will maintain the register of interests in accordance with within the Association's policy on the subject.

## **25. New projects and activities**

25.1 Prior to committing the Association to any new projects or activities a full options appraisal and financial assessment will be carried out and reported to the Board for consideration and approval.

25.2 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.

25.3 External specialist and legal advice will be taken where appropriate.

## **26. Benchmarking and performance analysis**

26.1 The Association's CEO will ensure that reports will be submitted to the Board on the following areas:

- (a) Analysis of business plan targets achieved
- (b) Comparison of results with SHR published ratios and statistics
- (c) Comparison of results with Association's annual budget
- (d) Comparison of actual and estimated loan covenant results
- (e) Annual Return on the Charter (ARC)

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

26.2 All staff taking reports to the Board/sub-committees or preparing them for external distribution are responsible for the provision of information in line with an agreed timetable confirmed by the CEO and included within the operational plan. Senior staff have responsibility for ensuring the accuracy of all statistical information reports to the Board or externally within their own areas of responsibility.



## 27. Incurring and authorising expenditure

27.1 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.

27.2 The Board 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.

27.3 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
- c) approving the invoice after goods or services received

### 27.4 Approval of commitment to spend

To ensure that only valid authorised transactions are processed, authorisation of expenditure must be in accordance with the schedule of authorised signatures and also be in accordance with the delegated financial limits which cover all financial transactions entered into by any employee on behalf of the Association.

### 27.5 Incurring Expenditure

The DFA is responsible for all payments due by the Association and is responsible for updating and maintaining all payment procedures. No one person shall be involved in all three key elements of a transaction (request, authorise and approving).

27.6 All expenditure must be within approved authorising limits and employees authorising expenditure must, at all times, take account of such limits.

27.7 Changes to the Financial Delegated Authority Limits may only be made with the approval of the Board after recommendation by the DFA so that consistency between departments and post-holders can be maintained.

27.8 A matrix showing the authorisation levels of all posts is maintained by finance. The amount of expenditure for each level is shown below, however expenditure is also restricted to the nature of the expenditure.

CEO	up to £250,000
Directors	up to £100,000
Heads of	up to £50,000
Managers	up to £20,000
Officers	up to £5,000
Assistants/Coordinators	up to £1,000

27.9 Upward delegation will apply when post-holders are absent unless specifically agreed otherwise by the Risk and Audit Committee and noted on the delegated authority level matrix. Sideways delegation is only applicable within departments and where there is a significant degree of commonality between posts.

27.10 The Finance department has the authority to remove named individuals from the list of authorised signatories in the event that a material breach of any of the financial regulations. All breaches of financial regulations may be subject to further measures which may include disciplinary action being taken.

27.11 Authorised staff should not commit the Association to expenditure without ensuring that sufficient funds are available within their budget.

27.12 Personal purchases must not be made using Association's funds or facilities, whether by purchase order, purchasing card, expense claim or other means.

27.13 Unauthorised and/or improperly authorised transaction requests will be returned to the originator unactioned.

27.14 The CEO and DFA are authorised to approve unbudgeted expenditure up to £50,000. This should be reported to the next Board meeting.

## **28. Authorised signatories**

28.1 The Board is responsible for appointing the Association's bankers. All bank accounts shall bear an official title and in no circumstances shall an account be opened in the name of an individual. All bank mandates

to alter arrangements for bank accounts must be approved by the Board. The service provided by the Association's bankers will be reviewed periodically to determine the Association is receiving value for money. Banking accounts shall be reconciled with cashbooks at least once in each month.

28.2 The DFA shall maintain a list of duly authorised approved signatories. Those signatories are currently as set out in the approved bank mandate forms approved by the Board. All transactions with the Association's bankers shall be made by or under arrangements approved by the CEO or the DFA who are authorised to operate such bank accounts as the Board considers necessary. Cheques or other methods of payment as approved by the Board must be signed by the relevant designated signatories in accordance with the official bank mandate.

### 28.3 Responsibilities of Authorised Signatories

Authorised signatories are responsible for ensuring the following are checked prior to authorising payments:

- That the item has been ordered and the invoice has been approved in accordance with the limits of financial authority;
  - That the invoice is an original and if it is not that there is confirmation that the invoice has not already been paid;
  - That the payee's name agrees with the invoice;
  - That the correct amount appears on the payment;
- That any adjustments to the payment are appropriate

## 29. Budget holders

29.1 The Association operates within the context of a devolved budget model, the respective responsibilities of budget holders and the finance department are shown in the table below:

<b>Area of Responsibility</b>	<b>Budget Holder</b>	<b>Finance</b>
Day to day income and expenditure	Controlled within agreed budget levels; Adherence to all financial procedures; Ensure budgets are not spent unnecessarily where under-spends have been identified.	Transactions examined for consistency and the correct application of procedures; Approval of expenditure requests.
Reporting	Provide regular KPI information against pre-defined targets.	Preparation of management accounts (quarterly); Check KPI information for reasonableness.
Performance	Advise finance of any potential variance from budget/KPI target; Explain performance variations and proposed remedial action (monthly); Agree targets.	Determine budget holder priorities to provide explanations for variances; Agree targets; Ensure CEO and Executive Team are informed of impact of individual and overall budget variances.
Forecasting & Target setting	Provision of information to assist in financial forecasting.	Prepare financial forecasts; Set KPI and budget targets with reference to financial plans.
Budget submissions	Return completed budget holder schedules to finance; Prioritise budget.	Provide assistance to budget holders to complete budget submissions; Appraise budget submissions for reasonableness and affordability; Provide independent financial perspective to budget setting process.
Financial Expertise	Consult with finance for financial advice in respect of all budget responsibilities.	Ongoing financial training, support and advice to budget holders.

### 30. Equality Impact Assessment (EIA)

No potential equalities issues have been identified in relation to the development of this policy and consequently an EIA has not been completed.

### **31. Privacy Impact Assessment (PIA)**

No data protection implications have been identified in relation to the development of this policy and consequently a PIA has not been completed.

### **32. Monitoring and Evaluation**

The adherence to this Policy will be monitored through both the annual external audit process and periodic internal audits. Management Accounts with supporting commentary will be provided quarterly to both Risk and Audit Committee and to the Board following regular scrutiny by the Executive Team, Leadership Group and budget holders where applicable.

### **33. Policy review**

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 Board.