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## FINANCIAL REGULATIONS

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**Title:** Financial Regulations

**Purpose of Procedure:**

**Section:** Finance

**Date:** May 2019

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# **BLAIRTUMMOCK HOUSING ASSOCIATION**

## **FINANCIAL REGULATIONS**

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## 1.0 INTRODUCTION

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Housing Associations are expected to exercise a high quality of financial management in all aspects of their business activities.

The current performance standards document states that 'Association should set out their policies and procedures in respect of financial management in financial regulations which must be regularly reviewed, updated and rigorously adhered to by all staff.'

Blairtummock Housing Association Limited's financial regulations are based on the following management structure:-



The Association currently operates under the Charitable Community Based Housing Association model rules which are the constitution of the organisation.

The standing orders of the Association detail how the business of the organisation shall be run and include responsibilities, powers and remits of each Committee or Sub-Committee.

The financial regulations detail Committee and staff responsibilities together with details of generally accepted best practice.

The financial procedures set out how these regulations shall be implemented.

A review of the regulations shall take place every three years.

## **2.0 MANAGEMENT COMMITTEE RESPONSIBILITIES**

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The Management Committee has ultimate responsibility for all aspects of the Association's affairs.

Statute requires the Management Committee to prepare financial statements for each financial year and it is the Management Committee who is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

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.

Members also have a duty towards the Association, its staff, tenants of Blairtummock and the Community and must therefore take steps to satisfy themselves that they receive all necessary information to allow a reasoned and justifiable basis of decision making.

### **3.0 STAFF RESPONSIBILITIES**

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The Director is responsible to the Management Committee for the promotion of the Association and for co-ordinating the activities of other Senior Officers. The Director is also responsible for the implementation of policy and procedural decisions taken by the Management Committee. In the absence of the Director the Housing Services Manager will deputise in his/her absence.

All Section Heads, or equivalent, are responsible for the accountability and control of staff members within their section and for the security and control of all assets, cash and materials relating to that responsibility.

The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of the financial agents are contained within the relevant Minute of Agreement.

## 4.0 ACCOUNTING

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All accounting procedures of the Association shall be determined by the Association's Finance Manager in consultation with the Director. These procedures must take account of statute, good practice and current guidance.

The format of the Association's financial records shall be determined by the Association's Finance Manager in consultation with the Director and must take account of audit requirements, good practice and current guidance.

The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.

All accounting policies of the Association shall be contained within the annual financial statements and be reviewed annually.

## 5.0 AUDIT REQUIREMENTS

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Audited financial statements require approval by the Management Committee and must be submitted to the Scottish Housing regulator within 6 months of the financial year end. These accounts must be in the required format and contain the report of the auditors.

A year end timetable is contained in the Audit Planning document prepared by the auditors and agreed with the Finance Manager prior to commencement of the year end statutory audit.

The role of the auditors must be clearly detailed in an Engagement Letter issued by the auditors every few years which itself should be reviewed by and signed on behalf of the Management Committee . Preparation of the financial statements shall be undertaken by the Association's Finance Manager and a Management Letter from the Auditors must be received annually by the Management Committee for consideration and response.

The Association's Director or Finance Manager have authority to access all records, documents, correspondence and cash sums for verification purposes. Any event involving or thought to involve fraud or irregularities or malpractice shall be notified to the Director, Chair or Secretary of the Association immediately for further investigation and action.

The Finance & Audit Sub-Committee are responsible for ensuring an Internal Audit programme is implemented and receive reports on the same.

## 6.0 BUDGETING

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An annual budget prepared in advance of the financial year must be approved by the Management Committee of the Association.

The budget shall be regarded as the basis for authority to incur expenditure. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved by the Management Committee.

On a quarterly basis the Association shall prepare Management Accounts which shall compare actual results to date (from the books of account) with the estimates contained within the Budget. Material variances must be clearly explained within the narrative supporting the Management Accounts.

The budget setting process must allow adequate input from all sections within the Association.

Where expenditure is necessary as a result of danger to life, limb or property such expenditure shall be incurred and reported to the Management Committee as soon as possible.

Where expenditure in excess of the budget is required, authorisation must be sought from the Management Committee, unless the previous paragraph applies or the sums are not material.

## **7.0 CASH CONTROLS**

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Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.

Procedures for the receipt of funds are detailed in the financial procedures.

Petty cash procedures are detailed in the Association's financial procedures.

All bank accounts must be reconciled to the relevant books of account at least on a monthly basis and the Director shall make arrangements for the safe custody of all banking documents including cheques.

## 8.0 BOOKS AND REGISTERS

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

Cashbook	Register of Disposals
Petty Cash Book	Fixed Asset Register
Nominal Ledger	Register of Benefits
Rent Ledger	Register of Members
Property Register	
Register of Frauds	Register of Interests

All such books and registers together with other relevant papers or information must be securely stored.

## **9.0 INSURANCES**

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The Association's Finance Manager shall affect all insurance cover on behalf of the Association.

All Senior Officers of the Association shall advise the Finance Manager in writing of events likely to give rise to a claim under any of the Association's existing policies or of events likely to result in a change to the Association's insurance requirements.

The Finance Manager, in consultation with the Director, shall review all insurances annually and report to the Management Committee thereon.

Property claims are the responsibility of the Housing Services Manager with all other insurance claims being the responsibility of the Finance Manager.

## **10.0 CAPITAL CONTRACTS AND CONTRACT RECORDS**

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All contracts entered into by the Association will be placed in line with the tendering procedure.

Any material variations to capital contracts require the approval of the Management Committee.

The Finance Manager shall maintain records of all scheme income and expenditure in a format suitable for statutory and scheme-work audits and shall provide reports to the Management Committee on the progress of each development. Such reports would include details of contract delays, claims for liquidated and ascertained damages, claims against the Association and external confirmations of cost control for each project.

The Housing Services Manager will maintain a list of approved Contractors and Consultants and must take account of The Scottish Housing Regulator guidance and good practice in carrying out capital investment.

## 11.0 EXPENDITURE AUTHORISATIONS

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11.1 The Management Committee approves budgets prior to the beginning of the financial year and staff has delegated authority to spend within these budgets. Staff has authority to spend within agreed Scottish Government approvals on development and capital expenditure.

11.2 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

b)&c) are covered within the Financial Procedures.

### 11.3 Approval of Commitment to Spend

#### Capital Expenditure (other than properties)

- a) [REDACTED]
- b) [REDACTED]

### 11.4 Capital Expenditure (properties)

- a) Purchase of a property [REDACTED]
- b) Consultants' fees [REDACTED]
- c) Works costs [REDACTED]

### 11.5 Staff Appointments, Salaries & Staff Costs

- a) Staff appointments [REDACTED]
- b) Temps [REDACTED]
- c) Salary Reviews [REDACTED]
- d) Staff Expenses [REDACTED]
- e) Director [REDACTED]

### 11.6 Property Management Costs

- a) Repairs & maintenance up to £5,000 [REDACTED]
- b) Repairs & maintenance over £5,000 [REDACTED]

### 11.7 Office Administration and Other General Expenses

- a) Under [REDACTED]
- b) Over [REDACTED]

## 12.0 SECURITY

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Each Senior member of staff is responsible for maintaining proper and adequate security at all times for furniture, equipment, cash and other assets under their control. The Director is responsible for overall security and any risks to the Association must be notified to the Director immediately.

Current office key holders are all current staff of the Association. The loss of office keys must be notified to the Director immediately.

Current petty cash box key holder is the [REDACTED]. The loss of this key must be notified to the Director immediately.

## 13.0 MISCELLANEOUS

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There is a Treasury Management Policy which governs the policies, strategies and transactions relating to treasury management.

All contracts over ██████ per annum entered into by the Association require the authorisation and signature of the Management Committee.

No sums should be written off as irrecoverable without the prior consent of the Director and Management Committee.

The Housing and Maintenance sections must provide written reports to the Management Committee on a regular basis detailing the financial results relating to their sections activities. Please refer to Management & Maintenance Policies.

Procedures relating to salary and expenses payments are detailed in the Financial Control Procedures.