

Financial Regulations

Issued: September 2018

Revised: April 2024

Next Review Date: April 2027

Table of Contents

1.	STATUS OF FINANCIAL REGULATIONS	3
2.	MANAGEMENT COMMITTEE RESPONSIBILITIES	3
3.	STAFF RESPONSIBILITIES	4
4.	ACCOUNTING	5
5.	AUDIT REQUIREMENTS	6
5.1.	EXTERNAL AUDIT.....	6
5.2.	INTERNAL AUDIT.....	7
6.	FRAUD AND OTHER FINANCIAL IRREGULARITIES	8
7.	BUSINESS PLANNING	9
8.	APPROACH TO FINANCIAL FORECASTING	10
9.	ANNUAL BUDGET.....	11
9.1.	PREPARATION, REVIEW AND APPROVAL.....	11
9.2.	BUDGETARY CONTROL.....	11
10	DEVELOPMENT PROGRAMME.....	14
11	BANKING, CONTROL OF CHEQUES AND PETTY CASH.....	13
11.1	BANKING	13
11.2	CHEQUES	13
11.3	PETTY CASH	13
12	INCOME CONTROL.....	13
13	ASSETS	15
14	PROCUREMENT, CONTRACTS AND TENDERING	16
14.1	GENERAL	16
14.2	CONTRACT PAYMENTS.....	16
14.3	VARIATIONS FROM AGREED TENDER.....	17
14.4	MONITORING CONTRACT EXPENDITURE.....	17
15	BOOKS, REGISTERS AND COMPUTER DATA	18
16	SECURITY	19
17	INSURANCES.....	20
18	RISK MANAGEMENT	21
19	VALUE FOR MONEY	21
20	TREASURY MANAGEMENT	21
21	SALARIES AND WAGES	24
22	TRAVEL, SUBSISTENCE & OTHER ALLOWANCES	23
23	GIFTS, HOSPITALITY & INTERESTS	23
24	DONATIONS.....	24
25	EXPENDITURE CONTROL.....	24

Appendices:

Appendix 1	Staff and Committee Structure
Appendix 2	Authorisation Limits
Appendix 3	Staff Delegated Authority Policy

1. STATUS OF FINANCIAL REGULATIONS

- 1.1. Southside Housing Association (SHA) must demonstrate effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.
- 1.2. The financial regulations form part of the overall system of financial and management control of SHA. The rules, the terms of reference of the Management Committee and its Sub-Committees, and the standing orders outline how the Association will be controlled and run, including delegated responsibilities, powers and remits of each committee or sub-committee.
- 1.3. This document sets out the financial regulations which form part of the standing orders. It translates into the practical guidance of the Association's broad policies relating to financial control.
- 1.4. The financial regulations detail Committee and staff responsibilities together with details of generally accepted best practice. They also take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.
- 1.5. Compliance with the financial regulations is compulsory for all staff. It is the responsibility of heads of departments to ensure that all staff are aware of the existence and content of the financial regulations.
- 1.6. The Finance Team is responsible for the review of the financial regulations and advising the Management Committee of any additions or changes necessary.
- 1.7. Nothing in these financial regulations shall override instructions from or conditions imposed by the Scottish Government, the Scottish Housing Regulator, the Financial Conduct Authority and the Financial Reporting Council Authority and any other appropriate statutory organisation or any current legislation. Nothing in the supporting financial procedures will override the principles embodied in the financial regulations.
- 1.8. The financial procedures set out how these regulations shall be implemented. It is the Finance Director's responsibility to prepare and maintain the Association's financial procedures.

2. MANAGEMENT COMMITTEE RESPONSIBILITIES

- 2.1. 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.
- 2.2. 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.

- 2.3. 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.
- 2.4. Committee members have a duty towards the Association, its staff, customers, and the community in which it operates. They must therefore seek good quality information and advice at all times to allow for a reasoned and justifiable basis for decision making. This advice may need to be sought from external professional advisors where applicable. 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.
- 2.5. The Management Committee has ultimate responsibility for the Association's finances. The financial responsibilities are:
 - to ensure the solvency of the Association
 - to safeguard the Association's assets
 - to ensure the effective and efficient use of resources
 - to ensure compliance with the Scottish Housing Regulator
 - to ensure that the financial control systems are in place and are working effectively and that a statement of assurance is produced by the internal audit provider annually on each of the audited areas
 - to approve the Association's business plan
 - to approve annual budgets of income and expenditure and to approve the annual accounts
 - to recommend to the annual general meeting (AGM) the appointment of the Association's external auditors

3. STAFF RESPONSIBILITIES

3.1. The Chief Executive

- 3.1.1. The Chief Executive is responsible to the Management Committee for the implementation of strategic, policy and procedural decisions taken by the Committee and the operational management of the Association's affairs. The Chief Executive is responsible for ensuring the Management Committee receives all information and relevant guidance and training which it requires to meet its obligations.

3.2. The Finance Director

3.2.1. Day to day financial administration is the responsibility of the Finance Director. The Finance Director is responsible to the Chief Executive for:

- financial and business planning
- preparing annual capital and revenue budgets
- preparing management accounts and information, monitoring and control of income and expenditure against budgets and all financial considerations
- preparing the Association's annual accounts and other financial statements and accounts which the Association is required to submit to the authorities
- preparing appraisals for major investment decisions
- ensuring that the Association maintains satisfactory financial systems
- providing professional advice to the Management Committee on all matters relating to financial procedures including treasury management.

3.3. Department Directors

3.3.1. All departmental directors are responsible to the Chief Executive for the financial management in their areas of responsibility. They are advised by the Finance Director in executing their financial duties. The Finance Director will also supervise and approve the financial systems operating within their departments including the form in which the financial records are kept.

3.3.2. Department directors are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

3.3.3. Where resources are devolved to budget holders, the budget holder is accountable to the head of department for their own budget.

3.4. Other Staff

3.4.1. The responsibilities and duties of all staff shall be contained within a suitable job description. The responsibilities and duties of any agents employed by the Association are contained within the relevant Minute of Agreement/contract.

4. ACCOUNTING

4.1. All accounting procedures of the Association shall be determined by the Association's Finance Director in consultation with the Chief Executive.

These procedures must take account of statute, good practice and current regulations and guidance.

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

5. AUDIT REQUIREMENTS

5.1. External Audit

- 5.1.1. The primary role of an external audit is to report on the Association's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Financial Reporting Council Code of Auditing Standards.
- 5.1.2. Audited financial statements require approval by the Management Committee and must be submitted to The Scottish Housing Regulator (SHR) within 6 months of the financial year-end. These accounts 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.
- 5.1.3. The role of the external auditor must be clearly detailed in an Engagement Letter provided by the external auditor that shall be reviewed every three years.
- 5.1.4. Preparation of the financial statements shall be undertaken by the Association's Finance Director. A year end timetable should be completed by the Finance Director and be agreed with the external auditor prior to commencement of the year end statutory audit.
- 5.1.5. Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting. Final audited accounts

will be adopted at the Annual General Meeting (AGM) normally held in August.

- 5.1.6. 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.
- 5.1.7. A copy of the auditor's Management Letter and the Committee's response to the Management Letter will also be submitted to the Scottish Housing Regulator within required timescales.
- 5.1.8. The external audit function shall be overseen by the Finance & Corporate Sub-Committee and in line with good practice, the Committee may have a closed-door session, with no staff present, with the external and internal auditor at least once a year.

5.2. **Internal Audit**

- 5.2.1. The main responsibility of internal audit is to provide the Board, the Chief Executive and senior management with assurances on the adequacy of the internal control systems.
- 5.2.2. The internal auditor will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures, including review of adherence to the financial regulations and financial procedures.
- 5.2.3. The internal auditor will be appointed, following a tendering process, for a maximum of three years (subject to an annual renewal of the appointment) by the Finance & Corporate Sub-Committee.
- 5.2.4. A rolling programme for internal audit shall be set out and agreed by the Finance & Corporate Sub-Committee based on current risk assessments. The setting of the internal audit programme shall take account of concerns or recommendations from the Leadership Team.
- 5.2.5. The Finance & Corporate Sub-Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales.
- 5.2.6. The internal auditor will have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the internal auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Management Committee as soon as is practical.
- 5.2.7. The internal auditor remains independent in its planning and operation and has direct access to the Management Committee and Chief Executive.

- 5.2.8. The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures. Final responsibility for such matters lies with the Management Committee.
- 5.2.9. 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. Final responsibility for such matters lies with the Management Committee.
- 5.2.10. The internal auditor will also monitor compliance with the Association's financial regulations and procedures as part of their internal audit reviews. Final responsibility for such matters lies with the Management Committee.
- 5.2.11. The internal auditor will comply with the standards set out by the Chartered Institute of Internal Auditors (CIIA).

5.3. **Access to Information**

- 5.3.1. External auditors and internal auditors shall have authority to:
- access the Association's premises at reasonable times;
 - access all assets, records, documents and correspondence relating to any financial and other transactions of the Association;
 - require and receive such explanations as are necessary concerning any matter under examination;
 - require any employee of the Association to account for cash, stores or any other Association property under his/her control;
 - access records belonging to third parties, such as contractors when required.

6. **FRAUD AND OTHER FINANCIAL IRREGULARITIES**

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

7. BUSINESS PLANNING

- 7.1. The Association shall have in place a three-year business plan document which sets out the strategic direction of the Association. The Management Committee is ultimately responsible for the governance and direction of the Association, and it is recognised that the business plan should represent a joint understanding by staff and Committee of what the Association wants to achieve, the choices available and the key risks faced by the Association. The business plan shall therefore be produced by the Management Committee and the Leadership Team in consultation with staff, tenants and other stakeholders as necessary and in line with the business planning guidance and protocols.
- 7.2. The content of the business plan should recognise and reflect the SHR's Business Planning Recommended Practice for RSL's. 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
 - Strategic objectives
 - Annual delivery plan
 - Financial analysis (including scenario planning and sensitivity testing)
- 7.3. On an annual basis, the Chief Executive has delegated authority for the preparation of a detailed operational plan for the Association on behalf of the Committee, within the framework of the business plan.
- 7.4. The Chief Executive shall produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.
- 7.5. The operational plan will set departmental performance targets and KPIs and shall feed into the annual budget setting process and the Association's risk management procedures.
- 7.6. On at least a quarterly basis progress against operational targets shall be reported to the Management Committee. These reports shall be supported by the management accounts, other section reports, and the corporate risk register to ensure all aspects of the business plan are linked together and operating effectively.
- 7.7. On at least an annual basis the achievement of strategic objectives will be considered and reported to the Management Committee.
- 7.8. The Association shall take account of the most recent SHR document on recommended practice for business planning in its planning process.

8. APPROACH TO FINANCIAL FORECASTING

- 8.1. The Finance Director will assist with the preparation of long-term financial planning on behalf of the Association. The Leadership Team and Management Committee will be involved in the process with the forecasts requiring approval by the Management Committee.
- 8.2. Long term financial forecasts shall be prepared in accordance with timescales noted at clause 8.4 and shall be forwarded to all lenders (in line with loan agreements requirements) as well as external and internal auditors for information and consideration. Formal feedback shall be sought from all parties reading the assumptions employed and the financial outturns.
- 8.3. The Association prepares and submits 5-year financial projections to the SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Management Committee, all in accordance with existing guidance from the SHR. A copy of this information shall be submitted to lenders and the external auditor.
- 8.4. The Association shall undertake a review of its long-term projections on an annual basis to ensure that the projected annual position remains on target with the 30-year statement of comprehensive income, statement of financial position and cash-flow projections. A full and detailed business plan review shall be undertaken annually. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the business plan document.
- 8.5. The content of the 30-year financial forecasts shall include the following information as a minimum:
- Details of main assumptions employed and source;
 - Statement of comprehensive income for 30 years;
 - Statement of financial position projections for 30 years;
 - Cash flow projections for 30 years;
 - Key performance indicators data;
 - Covenant compliance schedules;
 - Appropriate sensitivity analysis;
 - Schedules for all income and cost information and assumptions; and
 - Supporting narrative to confirm an overview of the projected outturns, any areas for further consideration, any areas of concern and any actions required that flow from production of the final information.
- 8.6. While the overall responsibility for this information lies with the finance team it is essential that an appropriate level of input from all senior staff is accounted for within the long-term financial plans. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.

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

9. ANNUAL BUDGET

9.1. Preparation, Review and Approval

- 9.1.1. 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.

- 9.1.2. The Finance Director is responsible for ensuring a draft revenue & capital budget is prepared for consideration by the Management Committee before the submission of the final budget to Management Committee for approval.

- 9.1.3. This annual budget will comprise of:

- A clear statement of main assumptions and sources of information underlying the budget;
- Projected statement of comprehensive income & expenditure
- Cash flow projections;
- Detailed capital budgets for all projects;
- Loan covenant compliance performance; and
- A summary commentary necessary for a clear understanding of the budget;
 - Narrative for items of expenditure which involves a significant increase in real terms over the previous year's provision; and
 - Explanation behind the headline figures, such as staff costs, major repairs etc.

- 9.1.4. During the year, the Finance Director is responsible for submitting a revised budget, at the mid-year stage, to the Management Committee for approval.

9.2. Budgetary Control

- 9.2.1. Once approved, the budget shall be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, the Scheme of Delegation and any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. In year changes to individual

budgets will be approved in line with the “*Staff Delegated Authority Policy*” (*Appendix 3*).

- 9.2.2. It is the responsibility of all budgets holders to control relevant budgets. Production of monthly management accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates will assist with budgetary control. The Finance Director will report on actual income and expenditure against budget on a quarterly basis to both the Leadership Team and the Management Committee.
- 9.2.3. 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).
- 9.2.4. Senior staff should ensure that when they issue reports to the Management Committee, the financial implications of any course of action should be fully detailed. The Finance Director should be consulted prior to any report that has material financial implications going to the Management Committee.
- 9.2.5. Budget holders should maintain their own records to ensure that they are aware of any forward commitments they have raised that will affect their available budget.

10. DEVELOPMENT PROGRAMME

- 10.1 The Finance Director and Director of Development & Regeneration are responsible for providing regular statements concerning all capital expenditure to the Management Committee for monitoring purposes.
- 10.2 Proposed capital projects should be supported by:
- a statement which demonstrates the project’s consistency with the strategic plans and development strategy approved by the Management Committee;
 - an initial budget for the project, including a breakdown of costs incorporating professional fees, VAT and funding sources;
 - a financial evaluation of the plans together with their impact on cash surpluses, plus advice on the impact of alternative plans;
 - an investment appraisal in an approved format which complies with regulatory guidance on option and investment appraisal;
 - a demonstration of compliance with normal tendering procedures and Scottish Housing Regulator regulations;
 - a cash flow forecast.

11 **BANKING, CONTROL OF CHEQUES AND PETTY CASH**

11.1 **Banking**

11.1.1 The Management Committee is responsible for the appointment of the Association's bankers on the recommendation of the Finance Director.

11.1.2 Details of authorised signatories and approval limits for BACS and cheque payments are detailed in **Appendix 2**.

11.1.3 The Finance Department is responsible for liaising with the Association's bankers in relation to the Association's bank accounts and the issue of payments. All cheque books shall be ordered on the authority of the Finance Manager who shall make proper arrangements for their safe custody.

11.1.4 Only the Finance Director, with dual authorisation from the Chief Executive, may arrange for bank accounts to be opened or closed in terms of dealing with the Association's funds. All bank accounts shall be in the name of the Association. Should either officer be absent for any period, then one of these roles can be delegated to another member of the Leadership Team, and the Finance Manager.

11.1.5 The Finance Manager is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review and that large or unusual items are investigated as appropriate.

11.2 **Cheques**

11.2.1 The Bank of Scotland issues cheque books automatically. Cheque books are locked in a safe in the Finance Department. Access is restricted to the members of the Finance Department.

11.3 **Petty Cash**

11.3.1 The Finance Department is responsible for any petty cash floats held at the Association although this will be delegated to other members of staff. Detailed guidance will be issued by the Finance Manager and is contained in the Association's financial procedures.

11.3.2 The Finance Assistant has day-to-day responsibility for petty cash payments.

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

12 **INCOME CONTROL**

- 12.1 The Finance Director is responsible for ensuring that appropriate procedures are in operation to enable the Association to receive all the income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use must have approval from the Finance Department.
- 12.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 12.3 Rental income payments are the main source of revenue income for the Association and operational procedures shall be reviewed regularly to monitor their effectiveness.
- 12.4 The procedures for collecting rents are the responsibility of the Income Maximisation team who should ensure:
- Swift and effective action is taken to collect overdue rents in accordance with the Association's formal procedures.
 - Outstanding rents are monitored and reported to the Management Committee.
- 12.5 Levels of charges for rents and lettings are determined by procedures approved by the Management Committee.
- 12.6 The Finance Department is responsible for the prompt collection, security and banking of all income received. All sums due and outstanding to the Association shall be disclosed within the quarterly management accounts.
- 12.7 All amounts written off as irrecoverable must be formally reported on and approved by Management Committee prior to the balances being written off.
- 12.8 **Cash Receipts**
- 12.8.1 On occasions cash payments may be made at the office. Where this occurs all monies received within departments from whatever source must be recorded by the Finance or Customer Services Team on a daily basis together with the form in which they were received. An authorised receipt of the Association should be issued.
- 12.8.2 Money that must be paid to the bank cashier and custody of all cash holdings must comply with the requirements of the Association's insurers.
- 12.8.3 No deductions may be made from any cash collected on behalf of the Association prior to paying into the bank.

12.8.4 Personal or other cheques must not be cashed out of money received on behalf of the Association.

12.8.5 Responsibility for debtors' control within the Association is as follows:

- (i) Rent Arrears – Current Tenants – Income Maximisation Team
- (ii) Rent Arrears – Former Tenants & Commercial Debt - Finance Manager
- (iii) Factoring Arrears – Factoring Manager & Finance Manager
- (iv) Insurance Claims outstanding – Repairs Officer
- (iv) Rechargeable Repairs – Jointly Finance Manager and Property Services Manager
- (v) Scottish Government Grant Claims outstanding – Director of Development & Regeneration
- (vi) All other sums due – As instructed by the Chief Executive

13 **ASSETS**

13.1 The Association shall maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail acquisition date, disposal date, estimated useful life for depreciation purposes and cost. In addition, copies of invoices relating to each asset purchased shall be contained within the register, which may be held in electronic format.

13.2 The Association shall undertake an annual review of the register to verify continued ownership and existence of these fixed assets. This task should be undertaken by the Corporate Services Manager/Finance Manager and IT Manager.

13.3 Equipment Maintenance contracts and leasing contracts shall be entered into for such fixed assets as appropriate and a separate register shall be held by the Association. Details to be inserted on these registers include; service provider, start date, termination date, and asset being maintained/leased and cost. The Corporate Services Manager/Finance Manager/Property Services Manager shall update this register on a quarterly basis and will be held in an electronic format.

13.4 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to and authorised by the Management Committee.

13.5 The Property Services Director will ensure a register of all properties owned by the Association is maintained and kept up to date. The housing properties register shall ensure the Association complies with the requirements of component accounting.

13.6 The fixed assets module holds records of all housing assets by phase, split into relevant components. Component and property replacements and

disposals, along with depreciation charges of housing property assets shall be updated on the fixed assets module in a timely manner. Copy invoices for all replacements will be held electronically by the finance department.

- 13.7 Disposal of land and buildings must only take place with the authorisation of the Management Committee. The Association has an obligation to notify the SHR of any disposals undertaken.

14 PROCUREMENT, CONTRACTS AND TENDERING

14.1 General

- 14.1.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Policy.
- 14.1.2 Where necessary, quotations or tenders for goods or services will be obtained, according to the financial limits as detailed in the Procurement Policy.
- 14.1.3 All contracts entered into by the Association require the authorisation in line with the "*Staff Delegated Authority Policy*" (Appendix 3).
- 14.1.4 The Committee shall be provided with quarterly updates on the progress of all contracts, including a summary of the position of accounts on each contract.
- 14.1.5 The Association shall take account of EU Procurement and Scottish Government thresholds as appropriate. When required and following approval by the Management Committee a procurement consultant may be used to ensure the Association complies with all applicable Procurement legislation and requirements.

14.2 Contract Payments

- 14.2.1 Payment to contractors, whether on account or the final account, shall be made in accordance with current procedures. The Finance Manager shall meet regularly with the appropriate officer to monitor expenditure on contracts.
- 14.2.2 Certificates or invoices requesting payment to contractors or consultants will be authorised by the Property Services Director and Director of Development & Regeneration responsible for the control and supervision of the contract who must be satisfied that the payment claimed is appropriate for that stage of the contract before passing it to Finance.
- 14.2.3 The Property Services Director and Director of Development & Regeneration will advise the consultants that final accounts must be agreed as early as practicable after the expiry of the defect's liability period,

and in any event no less than three months after the expiry of the defects liability period unless the subject of litigation.

14.3 Variations from Agreed Tender

14.3.1 When it becomes apparent that the cumulative variations to a contract may not be able to be contained within the approved tender sum this fact shall be reported to the Management Committee in advance where possible. The Property Services Director and Director of Development & Regeneration will request their approval for any additional expenditure. This report should give specific reasons why costs have increased and outline the financial implications for all the parties concerned.

14.3.2 In circumstances of emergency, or where there is insufficient time to report to the full Management Committee, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of Chief Executive or the Chairperson of the Association (or Office Bearer in the absence of the Chairperson), who will consult with the Finance Director, before agreeing to any request.

14.3.3 They must be made aware of the following prior to any commitment being entered into: -

- (i) Nature of the problem;
- (ii) Likely consequence(s) of delay;
- (iii) Approximate costs and timescale involved; and
- (iv) Longer term solutions (where appropriate).

14.3.4 Any such expenditure must be reported by the Chief Executive to the next meeting of the Management Committee detailing how this expenditure will be financed, for retrospective approval.

14.4 Monitoring Contract Expenditure

14.4.1 The responsibility for authorising expenditure on contract works lies with the contract administrator appointed to manage the contract.

14.4.2 The Association's Property Services Director and Director of Development & Regeneration should also, however, monitor expenditure against the physical progress of the works to date to ensure, as far as possible, that no overpayments occur.

14.4.3 The contract administrator on each scheme shall prepare a cash flow prior to the start of work on site. The Property Services Director and Director of Development & Regeneration shall compare this cash flow against the contractor's programme to ensure that anticipated expenditure matches expected progress with the work.

- 14.4.4 Actual expenditure shall be monitored against the cash flow on a monthly basis. Should this reveal spend running ahead of forecast (monitored independently by the architect and clerk of works) the contract administrator shall be asked to provide a report outlining the reasons for this.

15 BOOKS, REGISTERS AND COMPUTER DATA

- 15.1 Each departmental manager is responsible for the retention of documents under their control.
- 15.2 As a minimum requirement the following books and registers must be maintained by the Association:

Books and Registers	Staff Member Responsible
Cashbook	Finance Manager
Petty Cash Book	Finance Manager
Nominal Ledger	Finance Manager
Purchase Ledger	Finance Manager
Sales Ledger	Finance Manager
Rent Ledger	Income Maximisation Manager
Fixed Asset Register	Finance Director
Register of Disposals	Chief Executive
Register of Frauds	Finance Director
Register of Payments and Benefits	Chief Executive
Register of Interests	Chief Executive
Register of Members	Chief Executive
Register of Gifts and Hospitality	Chief Executive
Tender Register	Chief Executive
Complaints Register	Chief Executive
Register of Title Deeds	Chief Executive

- 15.3 Responsible staff member refers to the individual having responsibility for maintenance and administration of each register. This responsibility may be delegated to another staff member by the responsible staff member.
- 15.4 All such books and registers together with other relevant papers or information may, where appropriate, be kept in an electronic format, backed up daily and must be securely stored when not in use.
- 15.5 In conducting its operations, the Association must comply with all aspects of GDPR regulations. All such matters are the responsibility of the Association’s Leadership Team.

15.6 Accounting records must be kept for a minimum of six years from the end of the last financial year to which they relate. These records include:

- Annual Accounts & Management Accounts information;
- Sales invoices and purchase invoices;
- Copies of receipts and bank statements;
- Payroll records;
- VAT records

Pension records and contribution evidence must be held permanently.

15.7 For auditing and other purposes, the Association must retain other historical financial documents for three years.

16 **SECURITY**

16.1 All line managers 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 Chief Executive is responsible for overall security and any risks to the Association must be notified to the Chief Executive immediately.

16.2 All information held on computer must be backed up on a daily basis and stored securely. It is the responsibility of the IT Manager to ensure this task is undertaken.

16.3 Access to computer systems must be restricted by the appropriate use of passwords. A formal password policy should be in place and enforced and be contained within the Association's IT policy.

16.4 The Chief Executive 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 GDPR and other appropriate legislation.

16.5 A number of staff members are office key holders. The Association's security company will also have a set of office keys. All personnel holding keys are responsible for their safe keeping.

16.6 The petty cash tin will be held in the office safe at all times unless in use. The keys to the petty cash tin must be held securely by the finance team.

16.7 Petty cash floats issued to operational teams will be the responsibility of the Director responsible for that team. A monthly reconciliation supported by authorised receipts must be provided to the Finance Team before the top up of any such float.

- 16.8 Access to the safe is restricted to members of the Finance Team.
- 16.9 The safe is accessed by a 6-digit pin code.
- 16.10 Under no circumstances should other staff members be given access to the safe, told the safe combination code, or retain possession of the petty cash tin keys. In all cases petty cash box keys must be retained in the possession of the authorised staff member who, under no circumstances, should leave keys unattended.
- 16.11 The loss of office, property or petty cash keys must be notified to the Chief Executive immediately.

17 **INSURANCES**

- 17.1 The Association's Finance Director shall arrange all insurance cover on behalf of the Association subject to the Leadership Team confirming cover requirements.
- 17.2 All senior staff of the Association shall advise the Finance Director in writing of events likely to result in a change to the Association's insurance requirements.
- 17.3 The Finance Director, in consultation with the Leadership Team, shall review all insurances during the year and report to the Management Committee on the annual renewal of insurance.
- 17.4 The submission of all property insurance claims is the responsibility of the Property Services team. They shall be responsible for negotiating claims and maintaining the necessary records. They shall also deal with the Association's insurers and advisers about specific insurance problems.
- 17.5 Staff should advise the Finance Manager and/or the Finance Director of any event which may give rise to an insurance claim. The Finance Manager will notify the Association's insurers and, if appropriate, prepare the claim in conjunction with the manager of the relevant team for submission to the insurers.
- 17.6 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.
- 17.7 The Association shall ensure, prior to contracts commencing, that written agreement is received from external contractors that they shall insure and take responsibility for all works in progress. A copy of the insurance cover in place must be received by the Association in advance of such works commencing.
- 17.8 Department directors and managers must ensure that any agreements negotiated within their teams with external bodies cover any legal liabilities

to which the Association may be exposed. The Finance Director's advice should be sought to ensure that this is the case. All senior staff must give prompt notification to the Finance Manager of any potential new risks and additional property, land and equipment which may require insurance and any alterations affecting existing risks.

- 17.9 The Finance team will keep a record of all insurance policies held by the Association and the property and risks covered.
- 17.10 All staff using their own vehicles on behalf of the Association shall maintain appropriate insurance cover for business use.

18 **RISK MANAGEMENT**

- 18.1 The Association's approach to managing risk is detailed within the Risk Management Policy.
- 18.2 All current activities, and proposals for new activities, will be subject to a risk assessment as specified in the Risk Management Framework.
- 18.3 Where potential risks are identified the activity will be included in the corporate risk register together with details around mitigating and minimising the risk.
- 18.4 The Corporate Compliance Officer will provide the corporate risk register and a report to the Management Committee at least every six months, providing an update regarding progress to mitigate the key strategic risks to the Association.

19 **VALUE FOR MONEY**

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

20 **TREASURY MANAGEMENT**

- 20.1 The Association's approach to treasury management is detailed in the Treasury Management policy which complies with CIPFA's *Treasury*

Management in Housing associations: Code of Practice. This sets out the strategy and policies for cash management, long term investments and borrowings. The Management Committee has a responsibility to ensure implementation, monitoring and review of such policies.

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

20.3 The Finance Director will report to the Management Committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her including monitoring compliance.

21.0 SALARIES AND WAGES

21.1 General

21.1.1 The Finance Director is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents will be in a form prescribed or approved by the Finance Department.

21.1.2 All Association staff will be appointed to the salary scales approved by the Management Committee and in accordance with appropriate conditions of service. All letters of appointment must be issued by the relevant senior manager, following consultation with the HR Manager. The HR Manager will be responsible for keeping the Finance team informed of all matters relating to personnel for payroll purposes.

21.1.3 In particular these include:

- appointments, resignations, dismissals, supervisions, secondments and transfers;
- absences from duty for sickness or other reason, apart from approved leave;
- changes in remuneration including normal increments and pay awards;
- information necessary to maintain records of service for superannuation, income tax, National Insurance, etc.

21.1.4 The Finance team shall be responsible for keeping all records relating to payroll including those of a statutory nature.

21.1.5 All payments must be made in accordance with the Association's detailed financial procedures and comply with HMRC regulations.

21.2 Pensions

- 21.2.1 The Management Committee is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.
- 21.2.2 The Finance Department is responsible for all day-to-day pension matters including the payment of contributions to authorised pension schemes.

22 TRAVEL, SUBSISTENCE & OTHER ALLOWANCES

- 22.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Association's policies and procedures.
- 22.2 For events out with the Glasgow area, staff will be paid the equivalent standard public transport rate i.e. second-class rail travel. For venues that are difficult to reach by public transport, the Finance Director will be allowed to exercise some discretion in the method of transport and the rate payable.
- 22.3 The levels of subsistence and travelling allowances paid will be as agreed by Employers in Voluntary Housing (EVH) and in line with the discretionary rates set by HMRC.
- 22.4 Committee Expenses are dealt with under a separate policy.
- 22.5 All claims for payments of travel, subsistence and other expenses will require to be authorised in accordance with the current Financial Procedures.

23 GIFTS, HOSPITALITY & INTERESTS

- 23.1 The giving and receiving of gifts and hospitality shall be in accordance with the Association's Entitlements, Payments and Benefits Policy.
- 23.2 All Committee members and staff shall ensure that they declare any interest with regards to any aspect of the Association's activities as required by the Association's rules and regulatory requirements. The Chief Executive shall maintain a register of interests in accordance with the Association's Entitlements, Payments and Benefits Policy.
- 23.3 All Committee members and staff should decline all material hospitality and gifts offered by an individual or company that does or could provide services to the Association where they are offered an inducement to secure favour.

24 DONATIONS

The Association's approach to donations is detailed within the Donations Policy.

25 EXPENDITURE CONTROL

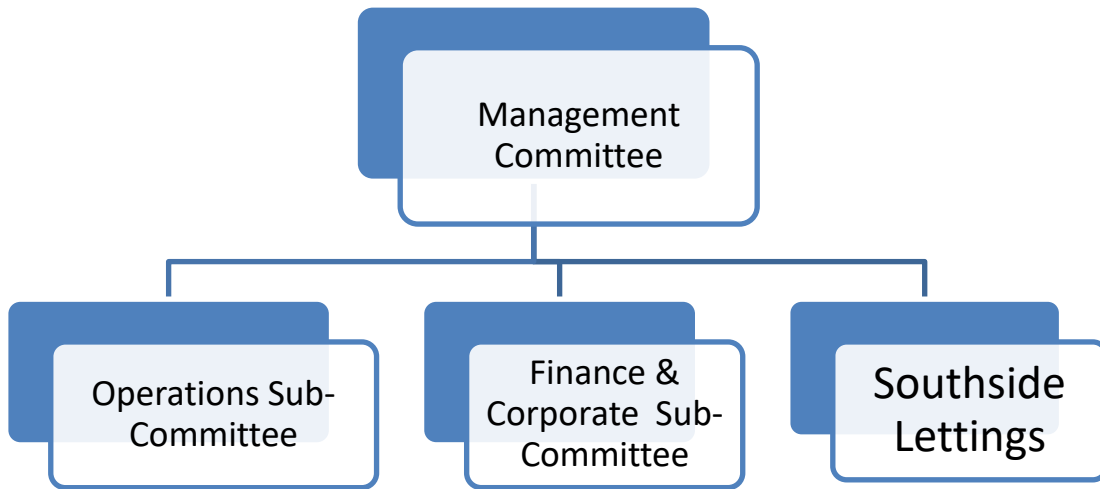
25.1 Only staff with the delegated authority to do so can approve an expenditure commitment or authorise a payment. No payments will be made unless the expenditure or matched purchase order has been checked and approved off by those with the appropriate authority.

25.2 The Management Committee approve the annual budget 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. The financial authority levels for staff are set out in the "*Staff Delegated Authority Policy*" (Appendix 3)

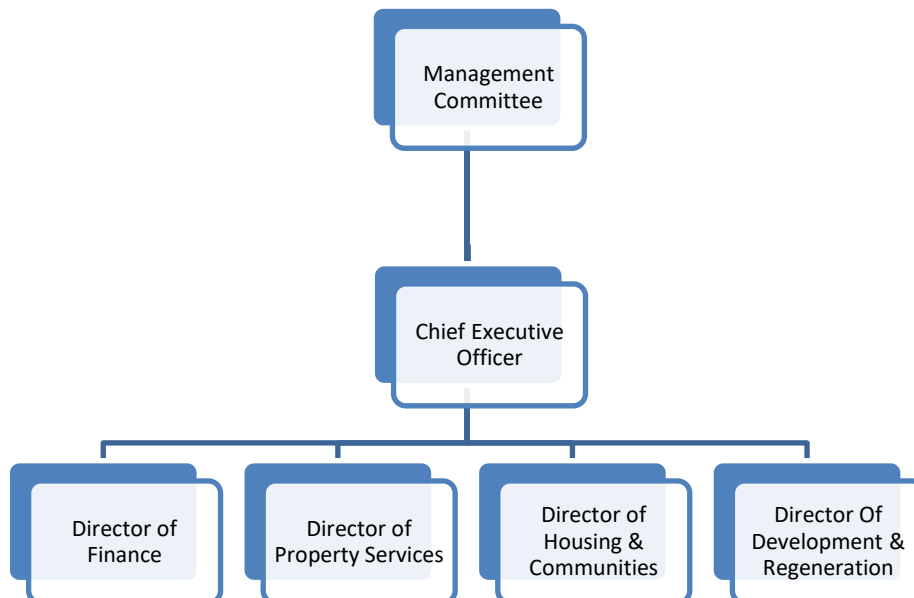
25.3 Any non-emergency expenditure (including contract variations) up to £25,000 in total in excess of set budgetary limits may be approved by the Leadership Team who shall report such matters for retrospective approval to the next Management Committee.

GOVERNANCE STRUCTURE

APPENDIX 1



STAFFING STRUCTURE – LEADERSHIP TEAM



APPENDIX 2

Authorised Signatories

BACS Payments	Up to £500k (BACS) £2m (CHAPS)
Prepared by	Finance
Authorised by	Any two of the following four: Chief Executive, Finance Director, Director of Housing & Communities, Finance Manager
BACS Payments	Up to £250k (BACS)
Prepared by	Finance
Authorised by	Any two of the following four: Chief Executive, Finance Director, Finance Manager, Finance Officer
Cheque Payments	Up to £1000 – one signature, cheques ≥ £1000 require two signatures. Maximum cheque value - £150,000
Prepared by	Finance
Authorised by	Chief Executive, Finance Director, Finance Manager
Grant Offers	
Accepted by	Chief Executive, Director of Development & Regeneration, Property Services Director, Housing & Communities Director
Grant Claims	Chief Executive, Director of Development & Regeneration, Property Services Director, Housing & Communities Director, Community Initiatives Manager.

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

Staff Delegated Authority Policy

Issued: March 2017

Last Review April 2024

Next Review Date: April 2027

1. **INTRODUCTION**

Delegated Authority is the financial limits (inclusive of VAT) assigned to individuals within the Association regarding their authority to procure goods and services and to commit to and approve expenditure and income.

Delegated Authority enables the Association to increase effectiveness by:

- ensuring clear lines of accountability and responsibility
- streamlining decision-making
- ensuring staff only commit to activities in line with the overall strategy and goals while maintaining sound financial controls

This policy sets out the delegated authority levels (Appendix 1) for the Association's Chief Executive and staff and the responsibilities associated with such authority. The policy aligns with the Association's "*Standing Orders, Appendix 2: Scheme of Delegated Authority*".

1.1. **Scope**

It is the responsibility of all employees to ensure they use their delegated authority responsibly, appropriately, and in line with this policy.

This policy applies to all employees within Southside Housing Association. Any employee found to have breached this policy may be subject to disciplinary action.

1.2. **Accountability & Responsibility**

1.2.1. The Chief Executive and Directors, as budget holders, are accountable and responsible for all budgets within their department.

1.2.2. Managers/Team Leaders, as budget holders, are accountable and responsible for all budgets within their area of operation.

1.2.3. All remaining staff who are budget holders are accountable and responsible for all budgets assigned to them.

1.2.4. All remaining staff, who have delegated authority, are accountable and responsible for any approval to which they commit expenditure.

1.2.5. Embedded within budget responsibility is ensuring that all commitments and expenditure is relevant to the intended purpose of the budget, and that spend is within the budget limits.

1.2.6. Compliance with the Staff Delegated Authority Policy is compulsory. Any breach of the policy and related procedures may result in disciplinary action.

1.2.7. This policy will be subject to regular review to reflect any amendments agreed by the Management Committee.

1.3. **Definitions**

1.3.1 **Procurement** – the initial sourcing of goods and/or services following a fair and competitive process.

E.g., contractor's schedule of rates, three quotations, formal tender. The expected value of the goods/services will dictate the level of authority required to sign off on the procurement and preferred supplier.

1.3.2 **Commitment** – formally committing the Association to the purchase of goods or services by way of a written or verbal agreement or instruction (contract, purchase order, email, online purchase etc.). Such commitments should take place subsequent to procurement.

1.3.3 **Expenditure** – the invoicing of goods and services which have been supplied or delivered. Invoices must be authorised to confirm the receipt of the goods or services and the accuracy of the invoice details.

2. **BUDGETARY APPROVAL**

2.1 Annual Budget

2.1.1 Before expenditure may be committed or incurred, an approved budget must be in place.

2.1.2 The respective Director must approve all budgets for their department prior to review and sign off by the Leadership Team.

2.1.3 The Management Committee is responsible for the formal approval of the Annual Budget.

2.2 Budget Revisions

2.2.1 All Budget holders are responsible for managing their budgets in line with the approved level and in respect of the intended purpose of the budget.

2.2.2 Budgets will be monitored against spend in line with the time intervals set out in the Financial Procedures.

2.2.3 Following approval of the annual budget, any revisions to budgets will require the following approval:

- Variances up to £25k – Senior Management Team approval.
- Variances greater than 25k – Management Committee approval.

2.2.4 Any new budgets raised during the financial year will require approval as follows:

- Budgets up to £15k – Senior Management Team approval
- Budgets greater than £15k- Management Committee approval

In each case, all new budgets will be included within the Annual Budget mid-year report to the Management Committee.

2.2.5 Where a budget variation is required outside of the normal review timeframe:

- The Chief Executive and Finance Director will have delegated authority to act on behalf of the Leadership Team.
- In the case of variations requiring Management Committee approval, the Chief Executive and Chairperson will have the delegated authority to act on the Committee's behalf.

Subsequently, the approval must be formally minuted and reported to the next relevant meeting for ratification.

3 **CONTRACTUAL ACTIVITIES**

3.1 Contracts

3.1.1 Contracts arise under a number of activities, including the following:

- Annual contracts for services and specific works
- Cyclical contracts for services delivered over more than one year
- Development contracts for physical works
- One off contracts for services e.g. consultancy
- Lease Agreements
- Staff contracts

3.1.2 It is essential that the awarding of all contracts be in line with current Procurement rules and legislation. (SHA Procurement Policy and Annual Procurement Strategy).

3.1.3 Expenditure related to a specific contract must not be committed or incurred before the contract is in place.

3.1.4 Any changes to contract value require approval in line with the delegated authority levels detailed in Appendix 1.

3.2 Consultancy

3.2.1 The Chief Executive and the Finance Director, in advance of any verbal or written commitment, must approve all consultancy expenditure.

3.2.2 The Scottish Government's definition of "consultancy services" is a useful reference point for differentiating consultancy from contractor services. <http://www.gov.scot/Resource/Doc/1265/0005190.pdf>

4 AUTHORITY TO COMMIT EXPENDITURE

4.1 Depending on the type of expenditure and area of service, commitments may take the form of a formal purchase order (e.g. repairs orders) or a less formal format, such as a verbal, email or online instruction. In all cases, only expenditure that has an approved budget and been procured in line with policy may be committed.

4.2 Staff with delegated authority may only approve commitments in respect of budgets within their own area.

4.3 Delegated Authority levels for commitments and variations to commitments are set out in Appendix 1.

5 Authority to Approve Expenditure

5.1 Expenditure can be approved under different categories such as:

- Purchase invoices
- Staff expenses
- Corporate credit card expenditure
- Petty cash expenses
- Salaries

5.2 Staff with delegated authority may only authorise expenditure in respect of budgets within their own area.

5.3 Delegated Authority levels for authorising expenditure are detailed in Appendix 1.

6. **DEVELOPMENT EXPENDITURE**

6.1 Project Approval

6.1.1 Only development expenditure necessary for appraisal purposes, may be incurred before the project approval. Approval of individual development projects will be as follows:

- The purchase of land or buildings for development requires Management Committee approval. Such approval will deem a project approved. The Management Committee will receive regular progress reports on the project.
- All other development projects require approval by the Management Committee at the following key stages; project proposal, cost plan, tender and contract.

7 GOVERNANCE

7.1 New staff will only be assigned delegated authority once they have been in post for three months.

7.2 The departmental Director is responsible for assigning delegated authority to a member of staff in line with the levels of authority set out in Appendix 1.

7.3 When on annual leave, it will be the individual's responsibility to temporarily re-assign their delegated authority. The departmental Director must approve this re-assignment.

7.4 If a member of staff is on sick leave, their line manager should contact Finance to arrange for the delegated authority to be re-assigned and authorised by their departmental Director.

7.5 The Finance team will maintain a list of all specimen signatures.

7.6 All documentation required to evidence delegated authority will be set out in the Delegated Authority procedures within the Financial Regulations.

DELEGATED AUTHORITY LEVELS

Expenditure (excluding Development, Office Administration and Overheads)

Grade	Procurement	Commitment <u>REVISED</u> July 2017	Expenditure Authorisation <u>REVISED</u> July 2017	*Corporate Credit Card	Staff Expenses	**Petty Cash
CEO	£50,000	>£50,000	>£50,000	£3,000	>£300	£300
Director	£20,000	£50,000	£50,000	£1,000	£300	£150
Manager (SM Grade)	n/a	£20,000	£20,000	n/a	£200	£75
Team Leader (Grade 7+ & 8)	n/a	£10,000	£10,000	n/a	£100	£50
Officer (Grade 7)	n/a	£5,000	£5,000	n/a	n/a	n/a
Assistant (Grade 5 & 6)	n/a	£2,000	£2,000	n/a	n/a	n/a
Admin Assistant Grade 4	n/a	£1,000	£1,000	n/a	n/a	n/a

* Approval of CEOs corporate credit card – Chairperson (Credit Limit £5,000)

**Powers delegated to Finance Director to authorise petty cash up to value of float (£750) in exceptional circumstances

Development & Investment Expenditure

Grade	Procurement	Commitment***	Expenditure Authorisation***	Pre-Contract Expenditure	Contract Over-Runs
CEO	£50,000	>£750,000	>£750,000	£50,000	£20,000
Director Of Development & Regeneration	£20,000	£750,000	£750,000	£25,000	£10,000

Director of Property Services	£20,000	£750,000	£750,000	£25,000	£10,000
-------------------------------	---------	----------	----------	---------	---------

*** Subject to commitment and expenditure remaining within contract value

Office Administration and Overheads

Grade	Procurement	Commitment	Expenditure Authorisation
CEO	£50,000	>£50,000	>£50,000
Finance Director	£20,000	£50,000	£50,000
Manager	n/a	£10,000	£10,000
Team Leader (Grade 7+ &8)	n/a	£5,000****	£5,000****
Officer	n/a	n/a	n/a
Assistant	n/a	n/a	n/a

**** Excluding Finance Staff to ensure segregation of duties