



MUIRHOUSE HOUSING ASSOCIATION



MUIRHOUSE HOMES

Title of Policy:	Financial Regulations
Date of Last Review:	January 2019
Approval Date:	August 2023
Date of Next Review:	August 2026
Lead Officer	Corporate Manager

If you have difficulty with reading this policy, including any difficulties with sight or hearing, or if you require this document translated into another language, please contact us and we will be happy to provide this information in a format that suits your needs.

Policy: Financial Regulations

Our Vision, Our Mission, Our Values

Our Vision is an engaged, thriving, desirable and eco-friendly Muirhouse with high quality, truly affordable and greener homes.

Our Mission - We will provide high quality, truly affordable homes and services for residents and strengthen our engagement and partnerships to enrich the community and safeguard our environment.

Our Values - In upholding our central value of providing high quality, affordable homes and services, our behaviours and decisions will demonstrate our commitment to

Excellence: Ensuring the highest standards in all that we do and innovating to continually improve. Across the MHA Group, we are committed to providing a high quality, customer focused service that demonstrates value for money.

Caring: Being compassionate about and responding appropriately to the needs of our residents, staff, and Board.

Mutual Respect: Valuing the views, knowledge, expertise, and skills of others and collaborating to achieve good outcomes for residents, staff, and the Association. We will continue to be a leading member of the local community, working with our customers and statutory, voluntary, and private sector partners.

This policy applies to

This Policy applies to all employees and board members at Muirhouse Housing Association (MHA) and Muirhouse Homes Ltd (MH4).

Policy Summary

The Financial Regulations establish the responsibilities and rules approved by the Board for the management and protection of MHA's financial resources. The document sets out the responsibilities delegated to Association employees.

Equalities

MHA will ensure there is a consistent approach in promoting equality and diversity across all areas and this policy will be administered in accordance with the MHA's Equality, Diversity, and Inclusion Policy.

Privacy

This policy has been developed and will be applied in compliance with General Data Protection Regulations (2018).

Compliance

SHR Regulatory Standards

Standard 3 – The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

Standard 5 – The RSL conducts its affairs with honesty and integrity.

Related Policies

Muirhouse Housing Association Rules
Muirhouse Homes – Articles of Association
Standing Orders
Procurement Policy
Treasury Management Policy
Entitlements, Payments, and Benefits Policy
Codes of Conduct for Governing Body Members and Employees
Anti Bribery Policy
Anti-Fraud and Corruption Policy
Financial Procedures

Contents		Page
1	Background of Financial Regulations	6
2	Financial Controls	8
2.1	Board of Management Responsibilities	
2.2	Audit & Risk Committee Responsibilities	
2.3	Staff Responsibilities	
2.4	Audit Requirements	
2.5	Accounting Policies>Returns/Records	
3	Financial Planning	15
2.5	Financial Planning & Budgeting	
2.6	Risk Management & Insurance	
4	Income & Banking	17
4.1	General	
4.2	Appointment of Banker	
4.3	Banking Arrangements	
4.4	Cash Receipts	
4.5	Rent and Other Property Charges	
4.6	Collection of Other Debts	
4.7	Write off Arrears and Debts	
4.8	Gifts, Donations and Hospitality	
5	Expenditure	19
5.1	General	
5.2	Authorities	
5.3	Petty Cash	
5.4	Purchase Orders	
5.5	Tendering	
5.6	Contracts	
5.7	Payments	
5.8	Use of Association's Credit Cards	
6	Salaries, Pensions, Allowances	21
6.1	General	
6.2	Pensions	
6.3	Travel, Subsistence, and other Allowances	
7	Assets	22
7.1	Land, Buildings, Fixed Plant & Machinery	
7.2	Inventories	
7.3	Disposal of Asset	
7.4	Treasury Management [Investments & Borrowing]	
8	Other Key Business Areas	23
8.1	Insurance	
8.2	Taxation	
8.3	Security	
8.4	Codes of Conduct	

8.5	Performance & Benchmarking	
	Appendices	
App 1	Financial Procedures	
App 2	Terms of Reference: Audit & Risk Committee	
App 3	Scheme of Delegation	
App 4	Summary Procurement Thresholds	
App 5	Regulatory Standards	
	Associated Registers	
	Asset Register	
	Fraud, Corruption, Bribery and Whistleblowing	
	Gifts, Donations and Hospitality	
	Inventory Register	
	Insurance/s Register	
	Register of Interest	

1: Background of Financial Regulations

The Financial Regulations [the regulations] provide a robust and procedural framework for Muirhouse Housing Association [MHA] and Muirhouse Homes [MH4], financial management; effective governance; compliance with legislative requirements; and ensuring good practice.

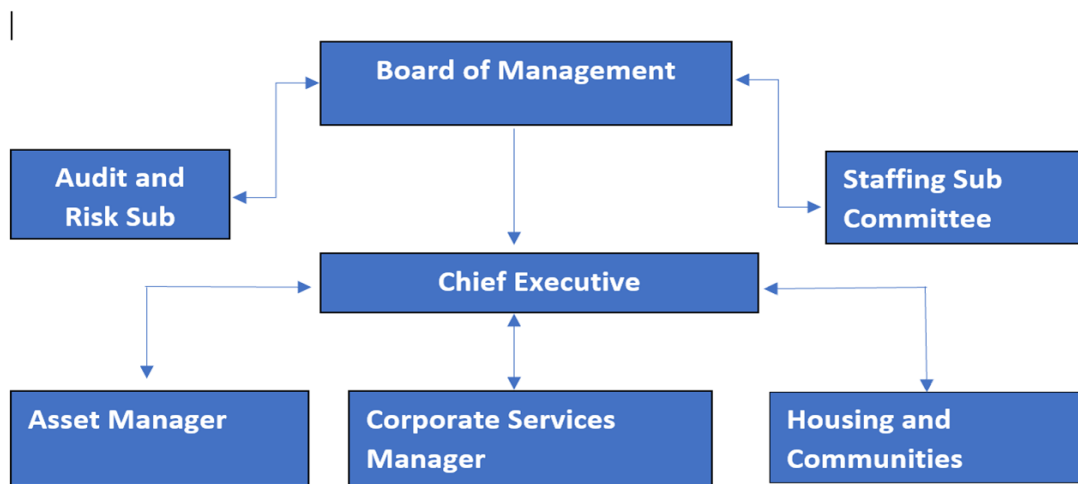
The financial regulations form part of the overall system of financial management which includes the following elements including the roles of the Association, Articles of Association of MH4, the terms of reference of MHA and MH4 Board sub committees, and the Standing Orders with all of these outlining out the Association will be controlled and Managed. It also takes account of the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management. The financial regulations translate into practical guidance together with policies and procedures.

Compliance with the regulations is compulsory for all staff connected with the Association. It is the responsibility of the Chief Executive and Senior Management Team to ensure that all staff are aware of the regulations and how this impacts their role on a day-to-day basis.

The MHA Board is responsible, delegated to the Audit & Risk Committee for continual review of the regulations and implementing any amendments, as necessary.

The Association's Financial Procedures set out the ways in which the regulations will be implemented. These documents should be used together.

Muirhouse Housing Association Limited's Financial Regulations are based on the following current governance/ management structure and relationships: -



The Association currently operates under the Scottish Federation of Housing Associations (SFHA) Charitable Model Rules 2013 which are the constitution of the organisation.

The Association has a trading subsidiary, Muirhouse Homes Limited which is a private limited company. These financial regulations will equally apply to Muirhouse Homes unless otherwise stated.

The standing orders of the Association detail how the business of the organisation shall be run and include delegated responsibilities, powers, and remits of each committee and of subsidiary

Boards.

Compliance with the Financial Regulations is compulsory for all staff. It is the responsibility of section heads to ensure that all staff are aware of the existence and content of these regulations.

Nothing in these Financial Regulations shall override instructions from or conditions imposed by the Scottish Government, the Scottish Housing Regulator, and the Accounting Standards Board of the Financial Reporting Council, the Financial Conduct Authority (FCA) and any other appropriate statutory organisation or any relevant current legislation. Nothing in the supporting Financial Procedures or policies will override the principles embodied in the Regulations.

The Financial Procedures at **Appendix 1** set out how these regulations shall be implemented.

A review of the Financial Regulations shall take place at least every 3 years or earlier if deemed appropriate by the Board.

2: Financial Controls

2.1 Board Responsibilities

The Board of Management [The Board] has ultimate responsibility for the Associations' financial management and that of its subsidiary organisation Muirhouse Homes (MH4). The Board's primary financial responsibilities are:

- To ensure the solvency of the Association and MH4
- To safeguard the Association's and its subsidiary body MH4's assets, taking reasonable steps to prevent and detect fraud and/or irregularities.
- To ensure the effective and efficient use of resources, supported by proper accounting records which disclose at any time the financial position of the Association and its subsidiary MH4.
- To ensure compliance with the regulatory bodies' performance standards and all relevant legislation and good practice.
- To ensure that financial control systems are in place and working effectively and to ensure an annual statement of assurance is produced by the external audit provider annually.
- To ensure that Association complies with the regulatory body's code of audit practice.
- To approve the Association's Strategic Business Plan and Risk Management approach
- To ensure preparation of annual an annual budget and approve estimate of income and expenditure for the association and its subsidiary MH4.
- To recommend to the Annual General Meeting [AGM] the appointment of the Association's external auditor who will conduct the external audit of the association and its subsidiary MH4.
- To ensure preparation of annual an annual budget and approve estimate of income and expenditure for the association and its subsidiary MH4.
- To recommend to the Annual General Meeting [AGM] the appointment of the Association's external auditor who will conduct the external audit of the association and its subsidiary MH4.
- As part of the ongoing monitoring of the Association's financial position and financial controls, the board of the Association and the MH4 Board will:
- Contribute to the development of the Association's and MH4's annual budget setting process.
- Provide scrutiny to the annual budgets and management accounts of the Association and its subsidiary MH4 for approval.
- Ensure the short term [annual] budgets are in line with agreed longer-term plans and are implemented.
- Consider any other matters relevant to financial duties of the board.
- Ensure that the board had adequate information to discharge its financial responsibilities and make informed decisions.

2.2 Audit & Risk Committee Responsibilities

- 2.2.1 The Board delegates certain responsibilities at 2.1 to the Audit and Risk Committee. The subcommittee is accountable to the board and its remit and responsibility are set out in the Standing Orders and appended to the regulations

at **Appendix 2.**

- 2.2.2 The Audit and Risk Committee has an advisory role and reports to the Board of Management of the Association. It has the authority to obtain all the information required and to consult directly with internal and external auditors. The Audit and Risk Committee is responsible for identifying and approving performance measures for internal and external auditors and monitoring the performance. It also ensures measures are in place to promote economy, efficiency, effectiveness and that the board can give an annual statement of assurance in relation to financial control systems.
- 2.2.3 Included in the Audit and Risk Committee delegated responsibilities is the Association's Risk Management Strategy and risk profile.

2.3 Staff Responsibilities

2.3.1 The Chief Executive

The Chief Executive [CE] is responsible for the operational management of the Association and the subsidiary MH4's including financial management. The CE will assist the Board of Management and MH4 Board in determining the strategic objectives and promote achievement of those objectives through the Association's resources. The CE will be advised by the Senior Management Team, Finance Officer and through external financial support [when appropriate] in executing the Association's financial duties.

2.3.2 Corporate Manager/Finance Officer

Day-to-day management of financial administration on behalf of the association and its subsidiary MH4 is the responsibility of the Finance Officer/Corporate Manager both reporting to the CE responsible for:

- Financial planning in support of business planning
- Preparing annual budgets
- Preparing management accounts and information, monitoring income and expenditure
- Preparing the Association's annual accounts for submission to other agencies
- Preparing returns to the Scottish Housing Regulator [SHR], including the five-year financial projections, loan portfolio return, annual accounts, and auditor's management letter within set timescales
- Preparing financial appraisals for major investment decisions
- Ensuring the Association maintains satisfactory financial systems.
- Providing professional advice to the board on all financial matters, policies and procedures including treasury management
- Ensuring the Association is compliant with any loan covenants and conditions contained within loan agreements.

2.3.3 Senior Management Team

The senior management team is responsible for establishing and maintaining clear lines of responsibility within the operational service area for all financial matters and devolved budgets.

2.3.4 All Staff

All staff are responsible for ensuring they understand the content of the regulations and how the regulations impact on their role. All staff remain aware of the requirement to adhere to the regulations.

2.4 Audit Requirements

- 2.4.1 The Association's Finance Team shall undertake preparation of the financial statements. A year end timetable should be completed by the Association's Corporate Services Manager 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.
- 2.4.2 Draft audited financial statements will be presented to the Audit and Risk Committee for review and recommendation to the Board for approval at an appropriate meeting. Final audited accounts will be adopted at the Annual General Meeting normally held in September (to meet SHR reporting requirements).
- 2.4.3 Final audited and signed accounts will be submitted to the SHR, lenders, Office of the Scottish Charity Regulator (OSCR), to the FCA in relation to Muirhouse Housing Association Limited, and to Companies House for Muirhouse Homes Limited, within the required timescales following the financial year end.
- 2.4.4 A copy of the auditor's Management Letter and the Board's response to the Management Letter will also be submitted to the SHR within required timescales.
- 2.4.5 The external audit functions shall be overseen by the Audit & Risk Committee and in line with good practice the Committee shall have a private session with the external and internal auditor at least once a year, without senior staff.

External Audit

- 2.4.6 The appointment of external auditors on behalf of the group will take place annually at the AGM and it is the responsibility of the Board of Management to make recommendations following advice received from the Audit and Risk Sub Committee.
- 2.4.7 The primary role of external audit is to report on the Association's and subsidiary organisation MH4'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 code of audit practice and the Auditing Practices Management Committee's auditing standards and these requirements set out in the Letter of Engagement provided by the auditor.
- 2.4.8 Each year the Audit and Sub Committee will review the effectiveness of external audit taking into account any comments / observations from MH4 and, provided the auditors' work is of a sufficiently high standard and reasonably priced, should recommend that the Board of Management reappoint them for a further year with a general term not to exceed a maximum of five years before a retendering exercise occurs.
- 2.4.9 The Association will hold a competitive tendering exercise on behalf of the association and

its subsidiary for appointment of external auditors every five years, with due regard to the recommended practice for procurement, appointment, and length of contract for external auditors.

Internal Auditors

- 2.4.10 The Board of Management is responsible for the appointment of internal auditors. Within the Regulatory Framework introduced on the 1st of April 2019 the requirement to have some form of internal audit process became mandatory. The Associations will hold a competitive tendering exercise at least every three/five years, with due regard to the recommended practice for procurement, appointment, and length of contract for internal auditors.
- 2.4.11 The main purpose of internal audit is to provide the Board of Management, the Chief Executive and management team with assurances on the adequacy of the internal control systems. A rolling programme for reviews will be established taking account of concerns or recommendations of raised by the Board of Management, its sub-Committees, and Management Team. and should be driven by the risk register of the Association including subsidiary considerations. These will include review of compliance with these Financial Regulations and Financial Procedures at least once during any three-year internal audit programme.
- 2.4.12 The Audit & Risk Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales.
- 2.4.13 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.
- 2.4.14 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls, and procedures.
- 2.4.15 The internal auditor may assist in the protection of the assets of the Association by carrying out regular reviews of operations to detect system weaknesses, inefficiencies, fraud, misappropriation, and losses due to waste or maladministration and highlight areas of good practice and opportunities for improvement.

Other Audits

- 2.4.16 The Association may on occasion be subject to audit or investigation by external bodies such as MH Revenue and Customs [HMRC] which has statutory rights of access.

Fraud and Other Financial Irregularities

- 2.4.17 The primary responsibility for the prevention and detection of fraud and errors are with the Board, in conjunction with the Association's Fraud, Corruption and Anti-Bribery policy and Whistleblowing Policy.
- 2.4.18 To assist in discharging its responsibilities in this area the Board should directly receive any reports from the internal auditor on all cases of actual, attempted, or suspected fraud or bribery detected during the normal course of their activities.
- 2.4.19 The Association will ensure all staff understand how to report any irregularities to the CE or Chairperson as outlined in the Association's Whistleblowing policy.

- 2.4.20 Any matters arising which involves, or are thought to involve, irregularities concerning cash, property or assets, or any suspected irregularity in the operations of the Association which has or could have a financial impact, shall be reported to the Corporate Services Manager or Chief Executive.
- 2.4.21 The Corporate Services Manager shall escalate any report to the Chief Executive. The Chief Executive shall escalate any such report to the Chairperson. In relevant circumstances all staff may escalate any report directly to a senior staff member or any office bearer.
- 2.4.22 The Chief Executive or Chairperson will report any issue involving irregularities in the Association's activities to the Board and to SHR, if required, as a notifiable event in line with SHR guidance.
- 2.4.23 The report will be investigated thoroughly by one or more of Senior Staff, following the most appropriate route.
- 2.4.24 The Association will maintain a register of all incidents of actual or attempted fraud or bribery. The register will be reviewed quarterly by the Audit & Risk Committee and annually by the Board. It will be open at all times to SHR and to the internal and external auditors.

The Annual Report

- 2.4.25 The annual report will focus on the Associations key activities and performance in the preceding year and plans for the year ahead and will include a statement on systems of internal financial control.

2.5 Accounting Policies>Returns/Records

2.5.1 Accounting Policies

Basis of Accounting: The financial accounts are prepared on historical cost basis of accounting and in accordance with applicable accounting standards.

Format of Accounts: The accounts are prepared for the financial year end 31 March, in the format required by the Statement of Recommended Practice [SORP] on Accounting for Registered Social Landlords published by the National Housing Federation.

2.5.2 Accounting Returns

The Corporate Manager/Finance Officer is responsible for completing financial returns to SHR and any other agencies as required. The Chief Executive is responsible for ensuring all grants awarded are received. Any information on grants and grant providers must be forwarded to the Corporate Manager when they are available.

2.5.3 Accounting Records

The Chief Executive and Corporate Manager are responsible for the retention of financial documents. These will be kept in the formats required by relevant bodies and agreed in advance.

The Association is required by law to retain prime documents for definitive

periods of time, these include:

Document	Retention Period
Accounts Raised	Six Years
Copies of Receipts	Six Years
Payroll Records	Six Years
VAT Records	Six Years

2.6 Risk Management & Insurance

- 2.6.1 In line with requirements of SHR, the board is responsible for developing the risk management strategy. The risks identified should show clearly the level of risk and the controls in place to mitigate the risk.
- 2.6.2 The Association's approach to managing risk is detailed within the Risk Management Policy and Strategy.
- 2.6.3 The Chief Executive and Senior Management Team are responsible for identifying the risks facing the Association and appropriate controls to reduce or mitigate risk.
- 2.6.4 A risk register will be developed and will be reviewed regularly by the SMT. Monthly reports will be presented to Audit & Risk clearly showing movement on risks and progress on controls and mitigation.
- 2.6.5 A business case including financial risk assessment in the context of the Association's long-term financial projections, will be presented to the board for any new projects or initiatives with financial implications.
- 2.6.6 The Chief Executive and Corporate Manager are responsible for ensuring the Association has effective insurance cover in place as determined by the board. Where insurance premiums alone or combined exceed the thresholds for public procurement, the Association will tender for an insurance broker to manage the procurement exercise. The Corporate Manager is responsible for procurement, negotiating claims and maintaining records. The Corporate Manager will also liaise with the insurers and advisors.
- 2.6.7 The Chief Executive and Senior Management Team must ensure that any potential legal liabilities are made known to the Corporate Manager during negotiations with any external bodies. Any new risks, additional property or equipment that may require insurance cover should be highlighted to the Corporate Manager timeously.
- 2.6.8 Staff should advise the Chief Executive/Corporate Manager/Finance Officer immediately of any event which may result in a claim. The Corporate Manager will notify the insurers immediately.
- 2.6.9 The Corporate Manager will keep a register of all insurances for the Association. An annual review will be undertaken and reported to the board confirming appropriate insurances are in place and detailing all claims made in the previous

12 months.

- 2.6.10 In the event of the Association taking ownership of any plant requiring regular inspection, the Corporate Manager will keep records.
- 2.6.11 All staff using their car for business purposes will maintain insurance suitable for business use.

3: Financial Planning

3. Financial Planning & Budgeting

3.1 Business Planning

The Chief Executive supported by the Senior Management Team, will work with the Board to develop strategic business plans for the Association. Financial plans will be aligned to the strategic business plans approved by the board and will comply with advisory guidance on business planning provided by SHR.

3.2 Budget Planning & Reporting

3.2.1 The annual budget will be regarded as the basis for authority to incur expenditure, inline with Standing Orders, the Scheme of Delegation and any specific exemptions agreed with the board. Any required changes to budgets must be approved by the board.

3.2.2 It is the responsibility of all budget holders to control delegated budgets. The Corporate Manager/Finance Officer will provide monthly expenditure reports to the Senior Management Team and will provide budget monitoring reports to both the board and Audit & Risk Committee on a quarterly basis. Any material variances will be reported as part of this process. [material = exceeding +/- 10% or £1,000].

3.2.3 Quarterly management accounts will provide:

- project outturn of the financial position to the year end
- cash flow monitoring
- covenant compliance statements
- in relation to any variance – information on financial implications of any course of action.

3.2.4 Quarterly management accounts will be sent to the Association's lenders.

3.3 Financial Forecasts & Budget Preparation

3.3.1 The Corporate Manager, with support from external advisors where required, is responsible for preparing long term financial forecasts, for at least the period required by SHR and lenders.

3.3.2 Supported by the Corporate Manager and Finance Officer, the Chief Executive is responsible for ensuring an annual budget is prepared for approval by the board, together with 1-, 5- and 30-year financial projections. The format must be compatible with returns to lenders and SHR and include the following information:

- Key Financial Assumptions and the source of these i.e., rent levels, rent increases, service charges, interest rates, maintenance costs and investment plans.
- Statement of Comprehensive Income for the periods
- Cash flow forecasts for the periods
- Projected year-end balance sheets.
- Loan covenant compliance schedules
- Appropriate sensitivity analysis and scenario planning
- Narrative report proving an overview of the projected outturns, identification of the main sensitivities and risk management responses.

The Corporate Manager is responsible for submitting revised budgets and/or projected outturns results to the board for approval.

3.4 Capital Programmes

3.4.1 Capital expenditure on land, buildings, furniture, equipment, and associated areas can only be considered as part of the budget approved by the board and must be included during the budget planning process. Capital expenditure will be included in regular budget monitoring reports to the board.

3.5 Virement

- 3.5.1 The Chief Executive has authority to reallocate budgets between cost headings subject to a maximum level of £10,000 [ten thousand] and will advise the Corporate Manager/Finance Officer.
- 3.5.2 The Chief Executive is responsible for advising the board of virement of resources and for seeking approval for virement where more significant reallocation is proposed.

4: Income & Banking

4.1 General

- 4.1.1 The Corporate Manager assisted by the Finance Officer is responsible for ensuring appropriate procedures are in operation to enable the Association to receive income. All documentation in use must have the approval of the Corporate Manager/Finance Officer.

Levels for all charges including rents and service charges are determined by policy and approved by the board.

The Corporate Manager supported by the Finance Officer is responsible for submission of claims, collection, security, and banking of all income and ensuring this is recorded accurately in the Associations accounts.

4.2 Appointment of Banker

The Board is responsible for the appointment of the Associations bankers. The appointment shall be for a specified period after which consideration will be given to tendering the service.

4.3 Banking Arrangements

- 4.3.1 The Corporate Manager assisted by the Finance Officer is responsible for liaison with the Association's bankers in relation to day-to-day management of the Associations bank accounts. All cheques shall be ordered on the authority of the Corporate Manager or Chief Executive who will make the necessary arrangements to keep them safe.
- 4.3.2 All bank mandates will be approved by the board. Arrangements for closing and opening bank accounts will be agreed with the relevant bank and authorization may only be given by an authorised signatory, in line with Standing Orders.
- 4.3.3 All bank accounts will be held in the name of the Association or Subsidiary.
- 4.3.4 All cheques drawn on behalf of the Association will be signed on a form approved by the board, and as specified in the bank mandate.
- 4.3.5 The Corporate Manager assisted by the Finance Officer is responsible for ensuring that all bank accounts are reconciled monthly, and any large or unusual items are investigated.

4.4 Cash Receipts

- 4.4.1 All cash received from any source must be recorded daily and a receipt issued. Cash receipts of £1,000 [one thousand] or more should be recorded in compliance with Anti-Money Laundering Policy.
- 4.4.2 All cash must be passed to the Finance Officer or Corporate Services Administrator for banking and safekeeping to comply with the requirements of the Association's insurers.
- 4.4.3 Any tenant recharges are receipted and included in the Association's income figures.

4.5 Rents and Other Property Charges

- 4.5.1 Procedures for collecting rents must be approved the Corporate Manager assisted by the Finance Officer and Housing & Communities Manager, who together should ensure that:
- Quick and effective action is taken to collect overdue rents in accordance with the Association's procedures.
 - Rent arrears are monitored and reports prepared for officers to action.

4.6 Collection of Other Debts

- 4.6.1 The Corporate Manager assisted by the Finance Officer should ensure that:
- Debtors' invoices are raised promptly in respect of income due to the Association.

- Quick and effective action is taken to collect overdue debts in accordance with the Association's formal procedures.
- Outstanding debts are monitored, and reports prepared for the management team.

4.6.2 The Finance Officer in conjunction with the Corporate Manager is responsible for implementing credit arrangements when appropriate.

4.7 Write Off Arrears and Debts

The Association will actively attempt to recover all debts owed before a tenancy end and have procedure in place to do so as per the Write Offs and Bad Debt Policy. Where a debt remains at the end of a tenancy the principals for write off are:

- Debt is economical to pursue.
- No possibility of recovery e.g., tenant deceased with no estate.
- No trace of tenant following tracing process

The association reserves the right to reinstate any debt if the tenants whereabouts become known.

4.8 Gifts, Donations & Hospitality

The Corporate Manager is responsible for maintaining records in respect of gifts, hospitality and donations made to or declined by the Association in accordance with the Association's Staff Allowances and Expenses Policy. The Corporate Manager assisted by the Finance Officer is responsible for initiating claims for recovery of tax where appropriate.

5: Expenditure

5.1 General

5.1.1 The Corporate Manager, assisted by the Finance Officer is responsible for making payment to suppliers of goods and services to the Association.

5.2 Authorities

5.2.1 Purchasing authority may be delegated to named individuals or budget holders. The current scheme of delegation is at **Appendix 3** and will be reviewed annually in conjunction with the budget setting process.

5.2.3 The Corporate Manager, assisted by The Finance Officer, shall maintain a register of authorised signatories relating to purchasing authority to certify invoices for payment including limits. The Corporate Manager, assisted by the Finance Officer, shall ensure that these levels are reflected in the relevant invoice approval control systems.

5.2.4 The authorised member of staff certifying the invoice for payment must be different from the member of staff responsible for signing the purchase order.

5.2.5 Expenditure must be approved and authorised prior to payment.

5.3 Petty Cash

5.3.1 A petty cash float not exceeding £300 shall be held for the purpose of making small payments and emergency expenses. The Finance Officer and Corporate Services Assistant have day to day responsibility for petty cash payments. Petty cash procedures are detailed in the Association's Financial Procedures.

5.3.2 The Chief Executive, Corporate Manager and Finance Team have access to the safe.

5.4 Purchase Orders

5.4.1 The ordering of goods and services will be in line with the Association's detailed financial procedures and procurement procedures.

5.4.2 Official purchase orders must be used for the purchase of all goods or services, except when using petty cash.

5.5 Tendering

5.5.1 Subject to any special rules imposed by the regulatory bodies, the Association's tendering acceptance limits are detailed in **Appendix 4**.

5.6 Contracts

5.6.1 Contracts for building improvement, repair and maintenance are the responsibility of the Chief Executive, delegated to the Asset Manager and will comply with the Association's Procurement procedures and in compliance with its procurement policy.

5.6.2 Proposals for planned replacements, improvements or related activities will normally be initiated by the Chief Executive or Asset Manager.

5.6.3 Consultants may be appointed to projects, as determined by the board or under delegated authority to the Chief Executive. Appointments will be subject to tendering and in line with the procurement policy and procedures. The appropriate budget holder, prior to acceptance of the successful tender, should sign a tender acceptance in line with the financial procedures.

5.6.4 Following completion of a capital project, a final report should be submitted to the board detailing actual expenditure and reconciling funding arrangements. Documentary evidence

on the decision-making process should be retained in relation to each contract above a threshold as determined by the financial procedures, for audit purposes.

5.7 Payment of Invoices

5.7.1 The procedure for making all payments will be in a form specified by the Corporate Manager, assisted by the Finance Officer.

5.7.2 The Corporate Manager, assisted by the Finance Officer, is responsible for deciding the most appropriate method of payment for all invoices. Wherever possible payments to suppliers should be made via BACS. In exceptional circumstances other methods will be considered by the Corporate Manager or Finance Officer e.g., Tenant Refunds.

5.7.3 Suppliers will be instructed by the budget holder to submit invoices to the Finance Team.

5.7.4 Managers are responsible for ensuring that expenditure remains within the budget allocation.

5.7.5 Certification of an invoices will involve two members of staff in the process and will ensure that:

- The purchase order is quoted on the invoice where appropriate.
- The goods have been received, examined, and approved in terms of both quality and quantity or in the case of services rendered that work has been carried out to a satisfactory standard.
- The invoice details are correct in terms of quantity, price, discount.
- The invoice has not been passed for payment previously.
- An appropriate cost code is quoted.

5.8 Use of Credit Cards

5.8.1 The board will set out terms and operational parameters for the issue and use of corporate credit cards, detailed in the Scheme of Delegation at **Appendix 3**.

6: Salaries, Pensions, Allowances

6.1 Salaries, Pensions and Allowances

- 6.1.1 The Chief Executive, assisted by the Corporate Manager is responsible for all payments of salaries, overtime, expenses to all staff. All documentation will be in a form approved by the Chief Executive. Any overtime payments will be approved by the Chief Executive.
- 6.1.2 The Corporate Manager will ensure all records are available in relation to:
- appointment, resignation, dismissal
 - changes to contractual hours or changes impacting on terms and conditions.
 - absence from work, sickness or other
 - changes in remuneration including normal increments and pay awards.
 - records of service
 - superannuation, income tax, national insurance, pension
 - payroll [delegated to external payroll partner]
- 6.1.3 All casual and part time employees will be included in the payroll. The Chief Executive assisted by the Corporate Manager is responsible for payments to all staff, permanent, agency or other and will inform HMRC of payments.
- 6.1.4 All payments will be made in accordance with payroll procedures and comply with HMRC regulations.
- 6.1.5 Any changes to the staff structure must be approved by the board. Recruitment exercises for senior posts, Managers and above must be approved by the board. All staff will be appointed to EVH salary scales. In circumstances that deviate from the approved salary scales or the EVH Terms and Conditions to make an appointment, the board must approve the variation.

6.2 Pensions

- 6.2.1 The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for staff.
- 6.2.2 The external payroll partner is responsible for day-to-day pension matters, including:
- Paying contributions to the authorised pension scheme, SHAPS
 - Preparing any required annual returns to SHAPS
- 6.2.3 The Chief Executive, assisted by the Corporate Manager is responsible for ensuring appropriate expert pension advice is available to the board, including a pensions policy, employer contribution levels and future fund valuations.

6.3 Travel, Subsistence, and other Allowances

- 6.3.1 All claims for payment of travel, subsistence and other allowances will be completed for payment via payroll using the approved form.
- 6.3.2 All claims will be approved by the relevant manager. Approval of Chief Executive claims will be undertaken by an office bearer of the Association, the chair in the first instance.

7: Assets

7.1 Land, Buildings, Fixed Plant & Machinery

- 7.1.1 The purchase, lease or rent of land or buildings or fixed plant will be undertaken only as part of an approved development or acquisition programme, through an existing approved capital budget or specifically authorised by the board.
- 7.1.2 The Asset Manager is responsible for maintaining the Association's asset register, of land, buildings, fixed plant, and machinery.

7.2 Inventories

- 7.2.1 The Corporate Manager, delegated to the Finance Officer is responsible for maintaining inventories for:
- Plant and Equipment [incl IT equipment]
 - Stores [if appropriate]

7.3 Disposal of Asset

- 7.3.1 Disposal of equipment and furniture must be in accordance with financial procedures.
- 7.3.2 Disposal of land and buildings will be approved by the board. The regulatory body will be notified and if applicable lender consent may be required.

7.4 Treasury Management [Investments & Borrowing]

- 7.4.1 The board is responsible for approving the treasury management policy, which will set out the Association's strategy for cash management, long term investments and borrowing. The board is responsible for ensuring implementation, monitoring and review of the policy.
- 7.4.2 The Chief Executive, Corporate Manager and Finance Officer are required to act in accordance with the treasury management policy. Strategic decisions in relation to borrowing, investment or financing [within agreed parameters] will be delegated to the Chief Executive and Corporate Manager who will be assisted by specialist financial advisors.
- 7.4.3 An annual report will be presented to the board on the effectiveness of the policy.
- 7.4.4 An annual report will be presented to the board via the Audit and Risk Committee on the performance of the treasury management activities.
- 7.4.4 All borrowing and investments will be in the name of the Association and will conform to relevant regulatory requirements and codes of practice.

8: Other Key Business Area

8.1 Insurance

- 8.1.1 The Chief Executive and Corporate Manager are responsible for ensuring the Association has effective insurance cover for risks as determined by the board. Where insurance premiums alone or combined exceed the thresholds for public procurement, the Association will tender for an insurance broker to manage procurement. The Corporate Manager is responsible for tendering, negotiating claims, maintaining records, and liaising with insurers and advisors.
- 8.1.2 The Chief Executive and Senior Management Team will ensure any agreements negotiated with external bodies include legal liabilities to the Association. The Corporate Manager will be advised of any potential new risks, any additional property and equipment which may require insurance cover.
- 8.1.3 Staff will advise the Chief Executive/Corporate Manager of any event which may result in an insurance claim. The Corporate Manager will notify the insurers and if appropriate support the preparation of a claim.
- 8.1.4 The Corporate Manager/Finance Officer will keep a register of all insurances and the level of cover. An annual review will be undertaken confirming that necessary insurances are in place, this will be reported to the board together with details of all insurance claims in the preceding year.
- 8.1.5 If applicable the Corporate Manager is responsible for maintaining records of plant that is subject to inspection by insurers.
- 8.1.6 All staff will maintain appropriate insurance cover when using their own vehicles for business.

8.2 Taxation

- 8.2.1 The Corporate Manager, assisted by the Finance Officer will advise the Chief Executive on all taxation matters, in line with relevant guidance and legislation, as it applies to the Association. The Corporate Manager, delegated to the Finance Officer will issue instructions to staff as appropriate, in line with all statutory HMRC requirements [VAT, PAYE, National Insurance, Corporation Tax] where applicable.
- 8.2.2 The Corporate Manager, assisted by the Finance Officer and specialist advisors, is responsible for
- Maintaining the Association's tax records,
 - Making and receiving tax payments
 - Submitting tax returns
 - Developing an effective taxation strategy to minimize the tax burden.

8.3 Security

- 8.3.1 Security of Documents
The Corporate Manager is responsible for the safekeeping of official legal documents relating to the Association. Signed copies of deeds, leases, loan agreements and contracts will be forwarded to the Corporate Manager, who may be required to forward these documents to the Association's solicitors for safekeeping.
- 8.3.2 Stocks and Stores
Service Managers or Officers are responsible for establishing adequate arrangements for safekeeping and control of stock within their service area. The Finance Officer will approve systems used for stores counting.
- 8.3.3 The Chief Executive assisted by the Senior Management Team are responsible for maintaining proper security at all times for buildings, stock, stores, furniture, equipment,

cash of the Association. The appropriate authority will be consulted in the event security is thought to be defective or it is considered special security arrangements are required.

8.3.4 A register of all keys must be kept. Should keys be misplaced at any time this will be reported to the Chief Executive/Corporate Manager.

8.3.5 All staff are responsible for maintaining proper security and privacy of information in line with General Data Protection Regulations [GDPR].

8.4 Codes of Conduct

8.4.1 All staff and board members will sign and observe the codes of conduct required by the regulatory body.

8.4.2 All staff and board members are required to disclose any interests with the Association [other than being a member of staff or board], which will be record in the Register of Interests

8.5 Performance and Benchmarking

8.5.1 The Association shall use the regulatory body's performance standards as its benchmark.

8.5.2 The Chief Executive, assisted by the Corporate Manager will ensure that quarterly and annual performance information is presented to the board.

9: Appendices	
App 1	Financial Procedures
App 2	Terms of Reference: Audit & Risk Committee
App 3	Scheme of Delegation
App 4	Summary Procurement Thresholds
App 5	Regulatory Standards

10: Associated Registers	
	Asset Register
	Fraud, Corruption, Bribery and Whistleblowing
	Gifts, Donations and Hospitality
	Inventory Register
	Insurance/s Register
	Register of Declaration and Interests

Financial Procedures

1: Introduction to Financial Procedures

- 1.1 In order to facilitate the efficient and effective operation of the Association in matters relating to finance and minimise risk in accordance with our Risk Management Policy, a series of financial controls have been established. This is also to ensure compliance with Standard 3 of the Scottish Housing Regulator ('SHR') Regulatory Standards of Governance and Financial Management
- 1.2 All procedures equally apply to Muirhouse Homes Limited, as per Financial Procedures, unless specifically noted otherwise.
- 1.3 These controls will be communicated to all staff and Board members. Financial procedures will form part of the induction for new staff and Board members.
- 1.4 These procedures shall be reviewed annually by the Corporate Manager and updated as necessary in conjunction with the Chief Executive and approved by the Board.
- 1.5 Any financial records kept out with the Finance Team; records are kept as agreed with the Corporate Manager to ensure audit requirements are met.
- 1.6 All financial transactions which have (or may have) a material financial effect, including any maintenance, purchase or leasing agreements, the Corporate Manager will be advised, to record all agreements.
- 1.7 Notification of any event which has, or may have, material financial implications for the Association, should be made to the Chief Executive/Corporate Manger.
- 1.8 These procedures together with the Financial Regulations form part of the overall system of financial and management control and take account of the Scottish Housing Regulator (SHR) Standards of Governance and Financial Management.

2: Budget Process

- 2.1 Budget for the Association is set annually. The detailed budget will be prepared in conjunction with the Chief Executive, Senior Management Team [SMT], supported by the Finance Officer.
- 2.2 The Chief Executive and Senior Management Team will contribute to annual preparation. Guidance from the Scottish Housing Regulator is a key element of this process. The annual budget setting timeline is noted below.

ANNUAL BUDGET SETTING TIMELINE	
Budget submission request issued to Budget Holders from Corporate Manager [CM]	October
Budget Setting Workshop [SMT]	October
Budget Setting Workshop outputs utilised develop draft budget presented to CE for review	October
Audit & Risk Committee consider draft budget and make recommendations to the Board	November
Board consider and approve draft budget for consultation	December
Tenant Consultation on rent increase proposed in draft budget	December/ January
Final Budget updated to reflect any changes and rent increase decision and formal approval by the Board	February

- 2.3 The Corporate Manager will issue a formal and detailed budget information request in October of each financial year to budget holders. The Chief Executive and Senior Management Team are responsible for ensuring the supply of information to the Corporate Manager within agreed timescales. A budget preparation document will be prepared which will include an annual budget, 5 year and 30 year.
- 2.4 A budget planning workshop will take place with SMT, facilitated by the Finance Team to consider budget proposals from each service area.
- 2.5 Budget holders are responsible for providing detailed information to inform the annual budget setting process. They are also responsible for monitoring income and expenditure against their allocated budget codes; and providing detailed information to the Finance Team with regards any significant variances.
- 2.6 The Board shall consider a draft budget for the year in December of each year, also approving the proposed annual rent increase at that point, and then approving the final budget document in February of each year. The final budget document approved for the year must contain the budget statements with the appropriate supporting narrative, including details of main assumptions, material

changes from the previous year, statement of comprehensive income, statement of financial position, covenant compliance review and detailed cash flow projections.

- 2.7 On final approval of the annual budget, a copy shall be sent to external auditors and all funders.

Monthly Budget Monitoring

- 2.8 The agreed budget will be used throughout the year for budget monitoring. The Finance Officer will maintain the budget and provide monthly budget monitoring reports for Senior Management.
- 2.9 Budget variance reports shall be issued by the Finance Officer monthly to SMT.
- 2.10 Management accounts will be prepared monthly and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to Board with the covering report issued within the management accounts on a quarterly basis.

Quarterly Management Accounts

- 2.11 The quarterly management accounts should include the effect of future events on the financial position together with details of the currently projected financial position of the Association at the year-end.
- 2.12 Budget holders will provide supplementary information to explain any material variances to allow the Corporate Manger to prepare quarterly management accounts and related Board reports.
- 2.13 All budget holders should be aware of the budgets within their control and should have in place effective tools for managing their budgets throughout the year. Any requirements to exceed a budget should be drawn to the attention of the CE immediately and a report will be submitted to the Board and where necessary board approval may be sought.

3: PROCUREMENT

- 3.1 Full details of the Association's approach to procurement for works and services and the related detailed tender process can be found in the Procurement Policy.

The Asset Manager with the SMT, will be responsible for the annual Procurement Strategy Plan which itemises the proposed works to be carried out in the next financial year, across the Association.

- 3.2 Annual budget approval by the Board will constitute authority for Senior Staff to proceed with the works, in line with the Scheme of Financial Delegation within the Financial Regulations.
- 3.3 Ordering of work will be in line with the Association's Procurement Policy.
- 3.4 In exceptional circumstances, appropriate Senior Staff may order the necessary work without utilising the Public Contracts Scotland route only where emergency action is required to protect the Association's housing stock, to avoid a risk to life or to secure time limited grant funding bids. Any instances will be reported immediately to the Chief Executive and to the Chair; and tabled at the next Board meeting.

Tendering Process

- 3.5 The tendering process is governed by the Association's Procurement Policy following EU and Scottish procurement legislation and including compliance with mandatory requirements.
- 3.6 Subject to special rules imposed by the regulatory bodies including OJEU, the Association's Procurement policy relating to competition are applicable.

Approval of Contactors, Consultants and Suppliers

- 3.7 The Finance Officer will maintain a list of approved suppliers for the Association, including Contractors and Consultants.
- 3.8 Contractors may be invited to apply for inclusion in the current list as follows:
- Invitation by the Association.
 - Advertisement by the Association.
 - Direct application to the Association.
- 3.9 SMT will report to the Board or Audit Committee as appropriate on all tenders received and make a recommendation for Acceptance. The Corporate Manager is responsible for maintaining an electronic register of all contracts with relevant details.

Contract Variations

- 3.10 SMT may authorise contract variation where they or the consultant employed by the Association judges that the variation is necessary, up to the cumulative value of 10% of the agreed contract value, to a maximum of £20,000. Variations above this limit must be reported to the CE and Board for authorisation of the increased expenditure, highlighting any implications on the Budget for the Financial Year.

4: LOAN AGREEMENT COMPLIANCE

4.1 To ensure the proper monitoring of compliance with the terms of Loan agreements with lenders the following clauses and their contents must be noted: -

- Information
- Covenants
- Valuations
- Default

4.2 The Corporate Manager shall have responsibility for ensuring the monitoring and submission of financial information to the Chief Executive, Board and Audit & Risk Committee including: budgets, monthly/quarterly management accounts, annual accounts, covenant monitoring and revisions of long-term projections.

4.3 All Senior Staff and Board members of the Association have a duty of responsibility regarding full awareness and adherence to the terms of and conditions of all Loan Agreements with all lenders.

5: RECEIPT OF MONIES

Income

- 5.1 The Finance Officer will ensure that appropriate processes are in place for the timely and accurate recording of all monies due to the Association.
- 5.2 To minimise risk the Association will attempt to limit the level of cash payments made directly into the office.
- 5.3 Receipt of any sources of income at the office counter will always be issued a receipt.
- 5.4 All cash received should be securely stored in the safe in the safe prior to banking.
- 5.5 Credit notes should be initiated by an approved budget holder and authorised in line with financial limits in the scheme of delegation. The Finance Officer will raise credit note.
- 5.3 Any cheques received will be passed to the Finance Officer who will record onto the appropriate ledger prior to banking.

Banking

- 5.6 Banking should be done every fortnight; however, exceptions should be made if the volume of cash exceeds £2500.00.
- 5.7 Banking should be undertaken by the Finance Officer or by the Corporate Manager. Cash over £2,000, must be lodged on day of receipt prior to close of banking business and banked straight away (within 48 hours), when possible.
- 5.8 The following applies to cash held within the safe and banking:
- Not exceeding £2500.00 in the safe at any time [including £300 petty cash]
 - No more than £2500.00 cash should be taken to the bank at one time as per the

Association's Insurance Policy.

- Two members of staff will go the bank.

- 5.9 A secondary check must be performed on banking figures, usually by the Finance Officer/Corporate Manager. Any discrepancies should be reported to the Corporate Manager immediately.
- 5.10 All electronic payments are done through the Association's Allpay Website.
- 5.11 Cash should not be left unattended. If no member of the finance team is available to take receipted cash, this should be passed to an authorised member of staff to put in the safe.

6: INVOICES/ORDERS

Purchase Orders

- 6.1 The Association operates a Purchase Ordering system. The purchase order of all non-maintenance goods, services and other relevant items shall be made by the Corporate Services Team usually acting under the instructions of a member of the management team, but also from other staff acting within the limits set by the Scheme of Financial Delegation in the Financial Regulations.
- 6.2 When non-maintenance goods are ordered in this manner a copy of the purchase order, together with supporting documentation, often a confirmation e-mail, will be filed in the Credit Card or Purchase Order file. When the goods are delivered, any delivery note shall be attached to the purchase order pending receipt of the invoice. When the invoice is received this will be matched with the appropriate purchase order and delivery note and checked to see if it agrees.

Receipt of Invoices

- 6.3 All electronic invoices will be sent to the finance inbox. Any hard paper invoices will be scanned and processed for payment. Asset invoices will be passed directly to the Asset Manager.
- 6.4 The Finance Officer and Corporate Service Assistant will prepare invoices for Managers to authorise.
- 6.5 All reactive repair invoices shall be supported by a corresponding repair order.

Approved Supplier List – duplication of information in procurement section

- 6.6 An approved list of suppliers is in place and shall be revised annually. Goods and services should be ordered from the supplier list wherever possible. Approval should be sought from the Chief Executive or Corporate Manager where a new supplier is to be utilised.
- 6.7 New Suppliers will be asked to complete the new supplier form or approved contractor form, by the Finance Team.

Processing Invoices

- 6.8 Invoices will be processed for payment within agreement payment terms.

6.9 The Finance Officer will review all invoices for accuracy in line with the purchase order.

7: GENERAL LEDGER

7.1 A formal month end process is in place, with an agreed timetable which is in addition to the year-end process to close the ledger, after the final accounts have been agreed.

8: CHEQUES/BACS PAYMENTS

- 8.1 Payment of invoices will be undertaken regularly, by the Finance Officer.
- 8.2 Payment shall be made via online banking by the Finance Officer and authorised by the Chief Executive and Corporate Manager.
- 8.3 If a cheque is required, it shall be presented for signature together with authorised invoices for inspection. All cheques must require two signatures, with no more than one staff member signing each cheque.
- 8.4 The authorised BACS listing, and purchase invoices will be held electronically on the secure finance drive.
- 8.5 Cheques should be issued to the payee together with a remittance advice.
- 8.6 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment should normally be made within 30 days.
- 8.7 In the event of the Association being notified of a suppliers change of bank details; the Finance Officer will be responsible for ensuring that the request is legitimate.

9: CREDIT CARD

- 9.1 The Association has two MasterCards issued by the Royal Bank of Scotland held in the name of the Chief Executive and Corporate Manager.
- 9.2 The credit card limits are defined in the Scheme of Delegation. Any adjustment will be presented to the board for approval.
- 9.3 The credit cards will be kept in the safe at the Association's offices. They will only be taken off premises by The Chief Executive or Corporate Manager.
- 9.4 Credit card use will be approved in advance by the Chief Executive or Corporate Manager.
- 9.5 All receipts will be passed to the Finance Officer/Corporate Service

Assistant.

- 9.6 Credit card statements will be reconciled each month by the Finance Officer supported by the Corporate Service Assistant.

10: PETTY CASH

- 10.1 The standard limited for petty cash in the office is £300.
- 10.2 The Corporate Team are responsible for managing, balancing, and distributing petty cash.
- 10.3 The Petty Cash box is kept in the safe.
- 10.4 Petty Cash will be reconciled regularly, depending on the level of available petty cash.

11: SALARIES/EXPENSES

Payroll and Salary Increase

- 11.1 It is the responsibility of the Chief Executive and Corporate Manager to ensure that all relevant information with regards payroll is provided to the external payroll partner at a minimum of least 7 days in advance to the payroll processing date.
- 11.2 Salary increases arising from staff promotions or pay awards must be approved by the Board prior to any payment being made. Any changes in salary amounts due must be confirmed in writing to the individual staff member with a copy of the letter being retained in the HR files.

Overtime

- 11.3 Any request for overtime should be approved by CE in advance and any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the CE.

Expenses

- 11.4 Any request for reimbursement of expenses/mileage costs should be accompanied by expenses claim form signed by the individual and authorised by the appropriate manager. Receipts should be provided where possible. The deadline to submit all claims for travel expenses, overtime, subsistence etc is 14th of the month. If staff fail to submit claims on time, these will not be paid until the following month. Expenses claims must be submitted within 3 months to avoid losing.

Salary Processing and Payment

- 11.5 Salary processing is carried out by external payroll partner. Monthly payroll information is provided to the external partner, by the Corporate Manager and checked by the Chief Executive.
- 11.6 The payroll partner will supply the BACs payments listings and individual pay slips to the Corporate Manager who should check these for accuracy.

- 11.7 The Chief Executive will authorise the BACs via the payroll agents encrypted software to process the payroll payment via the payroll partner.
- 11.8 Final payroll information will be provided by the payroll partner Via an online portal.
- 11.9 Salary payments are due on 27th of each month and shall be processed two days prior to this to ensure adherence with the timetable. The payment period in December will vary in line with holiday arrangements.
- 11.10 External payroll partner is responsible for submission of all PAYE returns and Pension Contributions in accordance with statutory timetables.
- 11.11 Any changes in employment terms must be approved in line with the scheme of delegation in the contained in the Financial Regulations and must be conveyed to the staff member in writing and a copy of the letter held within the personnel files.
- 11.12 Any voluntary deductions from pay must be supported by written authorisation given by the employee.

12: BOARD EXPENSES

- 12.1 All claims for reimbursement of expenses must submitted to the Corporate Manager on expenses claim form signed by the individual and countersigned by the Chief Executive.
- 12.2 Receipts must be obtained and attached with any claim made, if the claim is for loss of earnings, a letter from the employer should be obtained.
- 12.3 Payments will be made via BACs.
- 12.4 All expenses paid will be available for information.

13: MAINTENANCE/REPAIRS

- 13.1 The annual budget setting process will allocate the level of funds available for day to day, cyclical and major repair maintenance works.
- 13.2 Asset Manager and Corporate Team will maintain detailed project accounts for all major works, development works or where contractor payment is in instalments. This shall be included in monthly budget monitoring.
- 13.3 The Asset Manager must ensure that all contractors hold up to date and valid insurance cover and provide details to the Corporate Manager.
- 13.4 There it is expected that specific repair projects will exceed procurement policy limits the appropriate procedures as outlined in the Procurement Policy must be observed unless it is necessary to carry out the work immediately to prevent danger to life, limb, or property.
- 13.5 Projections of cyclical maintenance/major repair works must be compiled under the control of the Chief Executive and Asset Manager.
- 13.6 There may be circumstances when the Board may wish to deviate from the approved budget. Any decisions made must be recorded in the minute of the meeting and any subsequent variances from the original budget shall be noted through the normal quarterly

management accounts.

14: RECHARGEABLE REPAIRS

- 14.1 The Repairs & Maintenance Policy explains what constitutes a rechargeable repair. The Repairs and Maintenance Procedures discusses how rechargeable repairs will be managed.
- 14.2 Procedures relating to the recording and receipt of funds for rechargeable repairs activity are noted within the receipt of monies financial procedure in Section 4.
- 14.3 Monthly a full reconciliation of individual recharge repair balances is produced. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance. This will be retained on file.
- 14.4 The Finance Officer will agree the account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly. Arrears will be pursued by the Association.
- 14.5 Each Housing Officer has the responsibility for the issue of timeous recharge repair accounts for their customers where applicable.

Rechargeable repair invoices shall be issued by the Finance Officer following notification from the Asset Team in line with Association's Repairs Policy. The Association will aim to recharge tenants within 8 weeks of receiving the invoice from the Contractor.

15: INSURANCE CLAIMS

- 15.1 The submission of all insurance claims is the responsibility of the Corporate Manager. Claims must be submitted within 30 days of the incident.
- 15.2 It is the responsibility of the Asset Manager supported by technical advice to advise and liaise with the loss adjuster on property claims. The Corporate Manager must be made aware, at the outset, of any material issues and be kept informed regarding progress.
- 15.3 The Finance Team are responsible for retaining all information relating to insurance claims.
- 15.4 Expenditure in relation to insurance claims will be included in budget monitoring reports.

16: COMPONENT ACCOUNTING

- 16.1 Programmes of work that will be capitalised are determined as part of the annual budget process. Any changes during the year must be agreed and approved by the board.
- 16.2 Records relating to replacements/disposals must be kept by the Asset Manager.
- 16.3 The Finance team administer an Omniledger Module of all assets, replacements, disposals, and depreciation calculations.
- 16.2 Component replacements, disposals and the depreciation charge are made through the Component Ledger within Omniledger.

Terms of Reference - Audit and Risk Sub Committee

<p>Name of Sub-Committee:</p>	<p>MHA Audit and Risk Sub-Committee</p> <p>The role of the Sub-Committee is to advise the Board on risk management policies and processes, including MHA's systems of internal control and on the appointment and remuneration of the external auditor.</p> <p>In addition, the Sub-Committee takes non-executive responsibility for the direction of both internal and external audits.</p> <p>The Sub-Committee may appoint a working group on an annual basis to oversee the annual assurance process.</p>
<p>Matters reserved for the Board which the sub-committee advises the Board on:</p>	<p>The Audit and Risk Sub-Committee will have an Annual Work Programme setting out the key areas it intends to review during the year. The plan will be reviewed at each meeting and will relate to the Housing Association and any subsidiary companies. The broad areas it will focus its activities upon are the control environment; external audit; internal audit and risk. More specifically: -</p> <ol style="list-style-type: none"> 1. Overseeing the process for selecting the external auditor and making appropriate recommendations through MHA's Board to the members/shareholders to consider at the AGM. 2. Overseeing the process for selecting the internal audit service provider and recommending them for appointment by MHA's Board. 3. Recommending the external and internal audit fees for MHA Board approval. 4. Reviewing the Association's statement on internal control systems prior to endorsement by the MHA Board and reviewing the policies and process for identifying and assessing

	<p>business risks and the management of those risks by the Association.</p> <p>5. Reviewing, and challenging where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before recommendation of approval by the Board, paying particular attention to:</p> <p>5.1. critical accounting policies and practices, and any changes in them;</p> <p>5.2. decisions requiring a major element of judgement;</p> <p>5.3. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;</p> <p>5.4. the clarity of disclosures;</p> <p>5.5. significant adjustments resulting from the audit;</p> <p>5.6. the going concern assumption.</p> <p>5.7. compliance with accounting standards;</p> <p>5.8. compliance with regulatory and other legal requirements;</p> <p>6. Ensure effective co-ordination between internal and external audit.</p> <p>7. Reviewing its terms of reference regularly and its own effectiveness and recommending any necessary changes to the MHA Board.</p> <p>8. Review of management accounts bringing to the attention of Board any major areas of concern.</p> <p>9. Review of annual budget and reference to Board any areas of concern</p> <p>10. Overseeing the process required for the annual assurance system including establishment of ad-hoc working group whose responsibility it is to obtain assurance through whatever means required to report back to the Audit and Risk Committee for onward recommendation to the Board.</p>
<p>Matters specifically delegated to the sub-</p>	<p>1. Reviewing the reports of management and Internal Audit on the effectiveness of systems</p>

<p>committee by the Board:</p>	<p>for internal control, financial reporting, and risk management, including the fraud and loss report.</p> <ol style="list-style-type: none"> 2. Reviewing and keeping track of progress from internal and external audits and independent recommendations in the Recommendations Monitor. Progress reports to the Board. 3. Assessing independence of the external auditor, ensuring that key partners are rotated at appropriate intervals. 4. Approving any fees in respect of non-audit services provided by the external auditor. 5. Discussing with the external auditor, before the audit commences, the nature and scope of the audit, reviewing the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements. 6. Assessing the effectiveness of the external auditor, including consideration of qualifications, expertise, and resources. 7. Reviewing, with the external auditors, the findings of their work. 8. Reviewing the external auditor's management letter and management's response. 9. Considering management's response to any major external or Internal Audit recommendations. 10. Approving the Internal Audit strategy and programme for the Association and ensuring that the scale of the Internal Audit service is appropriate. 11. Assessing the effectiveness of the Internal Audit service. 12. Provide assurance that there is a systematic risk assessment process and that the risk management framework is effectively embedded in the organisation. 13. Consider the risk register. This will include the inclusion of additional and removal of dormant risks, the classification of risks and adequacy of mitigating actions and giving a level of assurance when reporting to Board 14. Reviewing the Association's procedures for handling allegations from whistle-blowers,
---------------------------------------	--

	<p>suspected incidents of corruption, fraud and bribery.</p> <p>15. Consider the Register of Fraud, Corruption, Bribery and Whistleblowing and the adequacy of actions, annually reporting to the Board.</p> <p>16. Considering other matters on risk and internal control, as requested by the MHA Board.</p> <p>17. Ensure appropriate disaster recovery and contingency plans are in place and regularly tested.</p> <p>18. Keep under review the latest guidance and codes from the SHR and the Auditing Practices Board. Senior management will circulate guidance with the aim to provide salient guidance to avoid overload. Thus, ensuring the applicable recommendations are implemented.</p> <p>19. Reviewing covenant compliance and ensuring systems in place to prevent breach.</p> <p>20. Ensuring the relevant systems are in place for the annual assurance and reporting to the Board.</p>
How often meetings are held:	<p>The Association Audit and Risk Sub-Committee will normally meet a minimum of 4 times a year. Emergency meeting may be called by the Chair of the Audit and Risk Committee who will work with the Company Secretary to set a convenient day within two weeks.</p>

Chair of the sub-committee (and who, if anyone, may not chair it):	<p>The Chair is appointed by the Board and does not serve for more than two terms of 3 years. The Chair of the Association's Audit and Risk Sub-Committee is to be a member of the Board of MHA other than the Chair of MHA. Where there is only one individual with a high level of financial expertise available to the Board, it is preferable for that person to take on the role of Treasurer, and the role of Chair of the Audit and Risk Sub-Committee to be handled by a businessperson with finance skills.</p>
Composition of the Sub-Committee (and	<p>The membership of the Association's Audit and Risk Sub-Committee is drawn from the Associations Board. The selection of The Association's Audit and</p>

any restrictions on membership of it):	Risk Sub-Committee members is based entirely upon skills and competencies. At least one member of the Association's Audit and Risk Sub-Committee should have significant, recent, and relevant financial experience, and if possible, a professional qualification from one of the professional accountancy bodies. Some commercial or finance experience is normally a requirement for the other members.
Number of members:	At least three members, who should all be independent non-executive Board members.
How the sub-committee is appointed:	By MHA Board in consultation with the Audit and Risk Sub-Committee Chair. Members are appointed on an annual basis.
Quorum:	A quorum will be three members of the Sub-Committee. Co-optees will not count towards the quorum.
Additional points:	<p>The minutes of the Audit and Risk Sub-Committee will be reported to the next MHA Board meeting.</p> <p>The Chair of the Audit and Risk Sub-Committee may access legal advice from the Association's appointed legal advisers at the expense of the Association.</p> <p>Both internal and external auditors have direct access to the non-executive Chair of the Audit and Risk Sub-Committee where necessary.</p> <p>The Chair of the Association may, and senior executives normally will, attend Audit and Risk Sub-Committee meetings. However, the Sub-Committee will meet at least once with external and internal auditors without staff being present should the Chair of the Audit and Risk Sub-Committee consider it necessary</p>
Date Approved:	March 2023
Date for Review:	March 2026

Appendix 3

Scheme of Financial Delegation – Limited Delegated Purchase Authority & Authority to Pay.

A detailed register of specific budget headings, and the relevant authorised staff and budget holders for each, will be maintained in the Financial Procedure and reviewed at least annually.

1.0 Authority to Purchase/Order

1.1 The following tables set out which post are authorised to purchase and the limit of delegate purchasing authority. All costs include VAT and expenses.

1.2 Capital Expenditure (per approved budget, other than properties)

a)	Over £20,000	Board of Management
b)	Up to £20,000	Chief Executive
a)	Up to £10,000	Corporate Manager, Asset Manager, Housing and Communities Manager
b)	Up to £2,500	Finance Officer and Corporate Services Administrator
e)	Up to £1,000	Corporate Services Assistant

1.3 Capital Expenditure (Properties, as per approved budget)

Major and Cyclical Repairs		
a)	Over £25,000	Board of Management
b)	Up to £25,000	Chief Executive
c)	Up to £10,000	Asset Manager, Corporate Manager, Housing and Communities Manager
d)	Up to £2,000	Asset Officer and Housing Officer
Emergency Health and Safety Repairs		
a)	Over £30,000	Board of Management
b)	Up to £30,000	Chief Executive and Officer Bearer (notifying board at next meeting)
c)	Up to £25,000	Chief Executive
d)	Up to £10,000	Asset Manager, Corporate Manager and Housing and Communities Manager
e)	Up to £5,000	Asset Officer and Housing Officer

f)	Up to £1,000	Corporate Services Administrator
e)	Up to £1,000	Customer Services Assistants and Corporate Services Assistant
Consultants fees, Works costs		
a)	Over £20,000	Board Management
b)	Up to £20,000	Chief Executive
c)	Up to £10,000	Asset Manager, Corporate Manager, Housing and Communities Manager
e)	Up to £5,000	Asset Officer and Housing Officer
f)	Up to £1,000	Corporate Services Administrator
Other		
a)	Purchase of a property	Board
b)	Development spend within approved	Chief Executive
c)	Component Replacement spend within approved contract sums	Asset Manager
d)	Contract variations over 10%	Board

1.4 Revenue Cost: Budgeted

	Up to annual budget, individual items	Property Management
a)	Over £20,000	Board of Management
b)	Up to £20,000	Chief Executive
c)	Up to £10,000	Asset Manager, Corporate Manager, Housing and Communities Manager
d)	Up to £2,500	Asset Officer and Housing Officer
e)	Up to £1,000	Corporate Services Administrator
f)	Up to £1,000	Corporate Services Assistant and Customer Services Assistant.

	Up to annual budget, individual items/costs (including legal fees)	Housing Management and Estate Management
a)	Over £15,000	Board of Management
b)	Up to £15,000	Chief Executive
c)	Up to £10,000	Asset Management, Corporate Manager and Housing and Communities Manager
d)	Up to £2,500	Asset Officer and Housing Officer
e)	Up to £1,000	Corporate Services Administrator
f)	Up to £1,000	Corporate Services Assistant and Customer Services Assistant.
	Office Expenditure (excluding maintenance)	
a)	Over £15,000	Board of Management
b)	Up to £15,000	Chief Executive
c)	Up to £10,000	Asset Manager, Corporate Manager and Housing and Communities Manager
e)	Up to £2,500	Asset Manage, Finance Officer and Housing Officer
f)	Up to £1,000	Corporate Services Administrator
g)	Up to £1,000	Customer Services Assistant

1.5 Petty Cash, Credit Card & Routine Annual Expenses

Petty Cash		
a)	All Staff	Max Individual Item £50 All item above £50 must be paid for by BACs/Company Credit Card/Cheque
b)	Credit Card – Chief Executive	Max individual Item: £1,500 Total Credit limit: up to £5,000 per card

c)	Credit Card – Corporate Manager	Max individual item: £1,500 Total Credit Limit: up to £5,000 per card
Council Tax, rate, insurances and and other routine annual expenses		
a)	Over £15,000	Board of Management
b)	Up to £15,000	Chief Executive
c)	Up to £10,000	Asset Manager, Corporate Manager and Housing and Communities Manager

2.0 Authority to pay/BACs Payments/Signing Cheques

2.1 All BACs/Cheque payments request require two signatures. Minimum requirements for are:

Amount	Signatory mix of any two
Up to £5,000	Chief Executive Corporate Manager Housing and Communities Manager Asset Manager Finance Officer
£5,000 to £15,000	Chief Executive Corporate Manager Housing and Communities Manager Asset Manager
£15,000 to £25,000	Chief Executive Corporate Manager
Over £25,000	Chief Executive or Corporate Manager and Office Bearer

2.2 Salaries and Staff Costs: Staff and Board Expenses

Salaries – permanent & temporary staff	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Corporate Manager <p>Up to approved annual budget, and approved staff FTE establishment</p>
Consultancy/agency fees	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Corporate Manager <p>Up to approved annual budget</p>
New or additional staff costs	Board
Overtime costs	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Corporate Manager <p>Within approved annual salaries budget</p>
Board Expenses	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Corporate Manager <p>In line with policy approved allowance levels, supported by claim form & receipts where required.</p>
Staff Expenses	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Corporate Manager <p>In line with policy and/or terms and conditions of service, supported by claim form & receipts where required.</p>
Redundancy Payments	Board
Settlements or Severance pay	Board

3. Grant Claims

Grant claim, include Stage 3 HAG Claims	<ul style="list-style-type: none"> • Chief Executive • Corporate Manager • Asset Manager • Housing and Communities Manager • Asset Officer
---	---

Summary of Procurement Thresholds

1.0 WTO GPA Procurement Regulated Contract Thresholds (Public Contracts (Scotland) Regulations 2015):

Supplies	£177,897
Services	£177,897
Works	£4,447,447

N.B All figures are current as at 1st January 2022 and are exclusive of VAT.

2.0 Scottish Government (Lower Value) Regulated Contract Thresholds (Procurement Reform (Scotland) Act 2014):

Supplies	£50,000
Services	£50,000
Works	£2,000,000

N.B All figures are current as at 1st January 2022 and are exclusive of VAT.

3.0 MHA Procurement Limits:

Value	Action
Below £5,000 <i>(Rare or infrequent low value spend)</i>	<p>The relevant authorised Manger has discretion to decide whether competitive quotations are obtained.</p> <p>Good practice must be observed, and where possible (time permitting), competitive quotations must be sought using a risk assessment evaluation.</p> <p>Direct Awards are permitted where work is classed as an emergency, or poses a significant Health & Safety risk, and where no existing contract or arrangement is in place.</p>
Between £5,000 and £49,999 <i>(Irregular but medium spend)</i>	<p>A minimum of three competitive quotations received, use of the PCS e-tendering Quick Quote service, or use of an existing Framework or Dynamic Purchasing System (DPS). Record the tendering procedures followed.</p> <p>Procurements which fall within this category must be risk assessed using a Procurement Plan and duly authorised by a Manager and or Chief Executive.</p>

<p>£50,000 and above <i>(Regular and high value spend)</i></p>	<p>Regulated tendering procedures will be followed at all times, and use of the PCS e-tendering platform is mandatory.</p> <p>Use of existing 3rd party Framework or DPS's allowed following evaluation and Chief Executive approval.</p>
--	--

Exceptions to the above are as follows:

- where a developer, or other party, brings a unique land and planning opportunity to MHA, and the terms of the proposed arrangements will require MHA to contract with them or another named company directly;
- where works of the same scope or similar nature are added to existing contracts, based on a schedule of rates or model contract, as long as they do not exceed 50% of the original value;
- where works and services are procured where no satisfactory alternative is available, which results in a single-source procurement;
- where works and services are only available from a limited number of providers due to the specification requirements, in which case, a minimum number should be invited to quote or tender;
- where goods and materials are of a proprietary nature, and no alternative is available;

Regulatory Standards of Governance and Financial Management	
Standard 1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users
Standard 2	The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.
Standard 3	The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
Standard 4	The governing body bases its decisions on good quality information and advice and mitigates risks to the organisation's purpose.
Standard 5	The RSL conducts its affairs with honesty and integrity.
Standard 6	The Governing body and senior officers have the skills and knowledge they need to be effective.
Standard 7	Where the RSL is considering organisational or constitutional change, or acquisition or disposal of land or assets: The RSL ensures that any organisation changes or disposals it makes safeguard the interests of, and benefit, current and future tenants