

Agenda No 9



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| FINANCIAL REGULATIONS |
| October 2024 |
| October 2029 |

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| Policy on : | Financial Regulations |
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| Compliant with Charter : | Equalities (Outcome 1) Communication (Outcome 2) Participation (Outcome 3) Value for Money (Outcome 13) Rents and Service Charges (Outcome 14) |
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| Compliant with New Regulatory Framework: | 5. Regulatory Standards of Governance and Financial Management <ul style="list-style-type: none"> • 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. 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 identifies 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 Officer have the skills and knowledge they need to be effective. |
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| Compliant with Tenant Participation Strategy: | N/A |
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| Compliant with Equal Opportunities : | YES |
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| Compliant with Budget/Business Plan : | YES |
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| Date of Approval : | October 2024 |
| Date for review : | October 2029 |

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| Responsible Officer : | Head of Finance & IT Manager |
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A **FORWARD**

1. Introduction

1.1 Purpose

This document outlines the financial regulations for Paisley Housing Association, ensuring sound financial management, compliance with regulatory standards, and transparency in financial practices. It aims to safeguard the association's assets, ensure the accuracy and reliability of financial records, and promote accountability.

1.2 Scope

These regulations apply to all financial activities and transactions conducted by the association, including those of its subsidiary. They cover income collection, expenditure, asset management, treasury management, payroll, financial planning and reporting and other financial matters.

2. Compliance

2.1 Compliance by Employees and Board Members

Compliance with the Financial Regulations is compulsory for all employees and Board members. It is the responsibility of each Line Manager to ensure their staff are made aware of the existence and content of the Association's financial regulations. Any significant breach will be the subject of a report to the Board by the Head of Finance & IT following discussion with the staff concerned.

The Head of Finance & IT is responsible for maintaining a continuous review of the finance regulations and advising the Senior Management Team and Board of any necessary changes.

If any difficulty is encountered in practice with the operation of the regulations or circumstances arise in respect of which it is considered no provision is made then the matter should immediately be raised with the Head of Finance & IT and Chief Executive, and then reported to Board as required.

2.2 Compliance with Standards & Legislation

The Association will comply with all statutory and regulatory requirements where applicable to the Association.

2.2.1 The Scottish Social Housing Charter Standards

1. Equalities (Outcome 1) Social landlords perform all aspects of their housing services so that every tenant and other customer has their individual needs and rights recognized, is treated fairly and with respect, and receives fair access to housing and housing services.

Relevance: These financial regulation and associated policies & procedures of the Association should ensure that financial decisions and policies do not discriminate and that they promote equality and fairness.

2. Communication (Outcome 2) Social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions, and the services it provides.

Relevance: These financial regulations and associated policies & procedures of the Association should include provisions for clear and transparent communication about financial matters, including how decisions are made (delegated authority) and how financial performance is reported.

3. Participation (Outcome 3) Social landlords manage their businesses so that tenants and other customers are offered a range of opportunities to participate in and influence their landlord's decisions at a level they feel comfortable with.

Relevance: These financial regulations and associated policies & procedures should encourage tenant participation in financial decision-making processes, such as setting of major repair plans and rent reviews.

4. Value for Money (Outcome 13) Tenants, owners, and other customers receive services that provide continually improving value for the rent and other charges they pay.

Relevance: These financial regulations should ensure that the association manages its resources efficiently to provide good value for money. This includes effective budgeting, cost control, and financial planning.

5. Rents and Service Charges (Outcome 14) Description: A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them.

Relevance: These financial regulations should link to the policies for setting and reviewing rents and service charges, ensuring they are affordable while covering the costs of providing services.

2.2.2 SHR Regulatory Standards of Governance and Financial Management

- **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. 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 identifies 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 Officer have the skills and knowledge they need to be effective.

Relevance: These financial regulations should ensure transparency, accountability, and integrity in financial management. They should also ensure that the Board and Management Team have the necessary skills and knowledge to manage the association's finances effectively.

2.2.3 Compliance with the legislation covering financial issues

The Association will abide by all legislation applicable to it.

3. Training

The Associations will ensure training is undertaken, including refresher training, to ensure employees and Board Members are aware of these Financial Regulations and can comply with them.

All new employees will be made aware of this Policy as part of their induction

4. Review and Monitoring

Policy Review: This policy will be reviewed every 5 Years, or earlier if required, to ensure its effectiveness and compliance with current laws and regulations.

Monitoring: the Senior Management Team will monitor compliance with this policy and make necessary adjustments , obtaining the necessary Board approvals where required.

5. Communication

Policy Distribution: We will ensure all employees, board members, and relevant stakeholders are aware of this policy. This policy will be published to staff on the Association's SharePoint and to others via the Association's website

Updates: The Senior Management Team will communicate any updates or changes to the policy promptly. They will ensure all staff are informed of significant changes and receive additional training if necessary.

6. Equal Opportunities

The association is committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all.

If you need this information to be in a different format/language, please let us know to see if we can help.

7. Complaints

The Association strives to ensure that it provides an excellent service at all times. However, if you remain dissatisfied with this policy or actions of staff or Board

Members, please contact the office and ask for a copy of the Association's Complaint's policy.

8 Conclusion

Paisley HA is committed to maintaining the highest standards of integrity and accountability. This policy is a key component of our efforts to ensure financial control and accountability, ensuring the trust and confidence of our tenants and stakeholders.

B FINANCIAL CONTROL AND RESPONSIBILITIES

1.1 Internal Financial Controls

- **Overview:** The association will maintain a robust system of internal financial controls to prevent errors and fraud.

- Key elements of the Association's internal control systems include ensuring that:
 - formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
 - experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
 - forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
 - quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
 - regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
 - all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
 - the Board of Management receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
 - formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

- The Board and Senior Management Team annually review and update the Statement of Internal Financial Controls as published in the Financial Statements

- The Board obtains sufficient assurance from the reporting during the year to be assured the Association complies with:

- All relevant standards and outcomes in the Scottish Social Housing Charter.
 - All relevant legislative duties.
 - The SHR Standards of Governance and Financial Management.
- The Association ensures, despite our small size, adequate segregation of duties in implemented within PHA to ensure no single individual has control over all aspects of any financial transaction.
- The Association conducts periodic internal audits, using third party consultants to assess the effectiveness of the controls.

The Internal control systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

1.2 Risk Management

- **Overview:** The Associations will identify, assess, and manage financial risks through regular reviews and updates.

There is a Group Risk Management Policy in place. This takes account of the SHR's Regulatory Standards of Governance and Financial Management. It must identify the risks facing the Association put in place risk strategies to mitigate the risk to the Association's purpose/strategic objectives/assets.

Summary of Risk Procedures:

- The Board and Senior Management Team regularly reviews and assess risks to identify potential strategic / operational and financial risks.
- The Association develops and implements risk mitigation strategies, such as insurance policies and contingency plans.
- The Association ensures risk management practices are regularly monitored and reviewed.
 - The SMT monitor monthly
 - The Audit and Risk Committee monitor six monthly
 - The Risk Summary is reported to the Board annually.

2. Governance and Reporting

2.1 Roles and Responsibilities

- **Overview:** The roles and responsibilities of the Board (as the Governing Body), the Audit and Risk Committee, and staff are defined below:

a. **Board**

The Board of Management acknowledges its ultimate responsibility for the Association's finances and for ensuring that the Association has in place a system of internal controls that is appropriate for the business environment in which the Association operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication.
- the maintenance of the accuracy and reliability financial records.
- the safeguarding of assets against unauthorised use or disposition.

Specifically, the role of the Board is to:

- to ensure the solvency of the Association.
- to safeguard the Association's assets (against unauthorised use or disposition).
- To ensure accurate and reliable financial record are maintained
- To ensure reliability of financial information used within the Association, or for publication
- to ensure that the internal control systems are in place and are working effectively and that a Statement of Assurances is produced annually
- to take reasonable steps for the prevention and detection of fraud.
- to ensure the efficient and effective use of resources.
- to ensure compliance with the Scottish Housing Charter.
- to ensure compliance with the Scottish Housing Regulator's latest regulatory standards and any issued guidance.
- to approve the Association's business plan, and the 5 Year Financial Plan and longer terms financial plans that fit with the business plan objectives.
- to consider the effect of key business risks on financial projections.
- to select appropriate accounting policies and apply them consistently.
- to prepare the financial statements on a going concern basis in accordance with applicable law and accounting standards, in particular the RSL SORP, and use judgements and estimates that are reasonable and prudent.
- to recommend to the annual general meeting (AGM) the appointment of the Association's external auditors.
- to appoint the Association's internal auditors.
- to appoint the Association's bankers.
- to comply with all statutory and regulatory requirements.

Per the Standing Orders and Delegated Authority Document the Board has delegated a number of its responsibilities to two standing sub-committees (The Audit and Risk Committee and the Human Resources Sub-Committee) and may also establish additional sub-committees or other sub-groups to support the work of the Board, as required. Delegated authority has also been conferred on the staff team employed at the behest of the Board, led by the Chief Executive.

The sub-committee remits are also detailed in the Standing Orders and Delegated Authority Document.

b. Audit & Risk Committee

The Audit & Risk Committee is advisory and reports to the Board.

The Board delegate authority to the Audit & Risk Committee to oversee risk management, internal audit & value for money and monitors any matter in respect of which it is considered that subsequent action or improvement is needed, approving those steps to be taken or making recommendations to the Board, where appropriate.

It has the right of access to obtain all the information it considers necessary and to consult directly with the external and internal auditors. The Audit & Risk Committee must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness.

The Audit & Risk Committee will produce an annual statement on the assurances that the financial control systems are in place and are working effectively. The Audit & Risk Committee base their assurances on the reports presented to the Audit & Risk Committee by the Senior Management Team & the finding of the Internal Audit and External Audits. The Audit & Risk Committee present their annual statement of assurances to the Board. This allows the Board, in turn, to approve the statement on internal financial control in the annual financial statements.

c. Chief Executive

The Chief Executive is responsible for the operational management of the association's affairs. They must assist the Board in determining its strategic objectives and promote the achievement of such objectives through effective deployment of the association's resources.

The Chief Executive is responsible for overall reporting to the Board.

The Chief Executive is also directly responsible for budgets under their control.

d. Head of Finance & IT

The Head of Finance & IT is responsible to the Chief Executive for:-

- co-ordinating short/medium and longer term financial planning, including sensitivity analysis of longer term plans, in line with the approved business objectives.
- assisting in rent setting;
- the preparation of the management accounts and information, on a timely basis;
- the preparation of the annual financial statements, liaising with the Association's auditors in respect of the year-end audit and the presenting of the financial statements to the annual general meeting;
- ensuring that the Association maintains satisfactory financial systems;

- monitoring the Association's finances.
- overseeing the implementation of the Treasury Management Policy of the Association (PPKD FIN 04)

The Head of Finance & IT is responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters.

Day to day financial administration is delegated to the Finance Manager.

The Head of Finance & IT is responsible for ensuring clear lines of reporting within their department and reporting to the Senior Management Team & the Boards

The Head of Finance & IT will coordinate reporting to the Audit & Risk Committee.

The Head of Finance & IT shall keep the Board informed, each quarter, as to the state of the Association's finances. They shall report to the Board on the statutory accounts of each financial year within five months of the financial year end and ensure they are provided to all relevant third parties thereafter.

The Head of Finance & IT will ensure that all the Association's development projects have the required level of funding and at the time it is required, liaising with the development consultants and Asset Management Department to ensure that all eligible grants for such projects have been claimed and adequate loan finance has been arranged.

The Head of Finance & IT is responsible for their department budgets.

e. **Other Department Heads/Line Managers**

The other Department Heads and the Managers are responsible for the financial management of their delegated expenditure. They can seek advice from the Head of Finance & IT and Finance Manager on how to execute their financial duties.

Each Head of Department will ensure that all policies and procedures, for which they have direct responsibility, will comply with and not contradict the Financial Regulations.

Head of Departments are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters.

Head of Departments are responsible for ensuring clear lines of reporting within their department and reporting to the Senior Management Team & the Boards

2.2 Financial Reporting

- **Overview:** The Association has processes for preparing and presenting financial reports.

The Finance Dept prepares various monthly, quarterly, and annual financial reports.

- Monthly finance reports for the Budget Holders who have requested it.
- Quarterly financial reports for the Board, the Lenders, External Auditors.
- Six monthly reports for the Audit & Risk Committee
- Annual financial reports to the Board for key Strategies and the Financial Statements and various Financial Plans

The Finance Dept ensure these reports are accurate, complete, and presented timely to the Board and to other stakeholders.

3. Audit and Compliance

3.1 Audit of Internal Controls

The Head of Finance & IT has responsibility, in conjunction with the internal auditors and the external auditors, for testing to ensure that the systems of internal control are appropriate.

This will be done through:

- planned reviews of existing financial systems, controls and procedures to ensure that they are economic, efficient and effective, that they are amended in accordance with changing circumstances and that they are adhered to in practice;
- recommending where appropriate that changes be made to existing financial controls and procedures operated in any Department;
- participation in discussions relating to the formulation and installation of new systems, controls and procedures;
- assisting in the protection of the assets and interests of the Association by carrying out an examination of activities in order to detect fraud, misappropriation, irregular expenditure and losses due to waste or maladministration;
- monitoring compliance with the Association's Financial Regulations.

In order to carry out this remit, the Head of Finance & IT and external and internal auditors shall have authority to:

- access Association's premises at reasonable times
- access all assets, records, documents and correspondence relating to any financial or other transactions of the Association
- require employees of the Association to account for cash, stores or any other Association property under their control
- access records belonging to third parties, such as contractors when required.

3.2 Preparation of Financial Statements

The Head of Finance & IT is responsible for preparing the Financial Statements for approval by the Board and audit by the External Auditor.

The External Auditor will however aid with the preparation of final Financial Statements.

The Head of Finance & IT will liaise with the external auditor to draw up a timetable for final financial statement purposes and advise staff accordingly.

The Board will approve the financial statements and the Association's response to the Audit Findings Report.

The Financial Statements will be presented annually to the AGM.

3.3 External Audit

- **Overview:** Engage external auditors to review financial statements and ensure compliance.
- **Procedures:**
 - Select and appoint external auditors through a competitive process.
 - Provide auditors with access to all necessary records and documents.
 - Respond to the audit reports and implement recommendations promptly.

The Association will ensure it is formal and transparent in its dealings with the external auditor to ensure it retains an appropriate relationship.

A competitive tendering exercise will take place at least every six years, following the Procurement Policy, to procure the services of an external auditor. This will be undertaken by the Audit & Risk Committee, in conjunction with the Head of Finance & IT.

The appointment of the external auditor will take place annually at the AGM and it is the responsibility of the Board to make recommendations, following advice received from the Audit Committee and Senior Management Team, and to formally appoint the External Auditor.

The primary role of the external auditor 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:

- whether the financial statements give a true and fair view
- whether the financial statements have been properly prepared in accordance with the relevant statutory requirements

- whether the financial statements are prepared in accordance with the requirements of the Scottish Housing Regulator and other industry legislation.

Their duties will be carried out in accordance with the International Standards on Auditing (UK) and the ethical requirements governing the auditors, including the Financial Reporting Council's Ethical Standards.

3.4 Internal Audit

- **Overview:** Conduct regular internal audits to ensure compliance with financial regulations.

The Association will ensure it is formal and transparent in its dealings with the internal auditor to ensure it retains an appropriate relationship.

The Board, on the recommendation of the Audit Committee, appoints the internal auditor.

The services of the internal auditor will be subject to our formal tendering procedures at least once every 6 years.

The internal audit service remains independent in its planning and operation and has direct access to the Board, Chair of the Audit Committee and the Chief Executive.

The main responsibility of the internal auditor is to provide the Board with assurances on the adequacy of the internal control system. To do this the Internal Auditors will:

- Develop an annual internal audit plan, in consultation with the Board and Senior Management Team.
- Conduct audits in accordance with the plan, focusing on high-risk areas.
- Report audit findings and recommendations to the Audit & Risk Committee.

Via the Audit & Risk Committee the Board will be aware of these audits and all significant audit findings

3.5 Other Auditors

The Association may, from time to time, be subject to audit or investigation by external bodies such as HM Revenue & Customs who have statutory rights of access or request audits are undertaken by specialists e.g. in H&S or Cyber Security.

C BUDGETING

1. Resource Allocation

Resources (including staffing) are allocated and reviewed regularly, at least annually, by the Board or its delegated sub committees.

2. Financial Planning

The Head of Finance & IT is responsible for preparing annually the five-year budgets (including the annual budget) and 30-year long-term financial forecast for approval by the Board. Financial plans should be consistent with the most current business plan approved by the Board. (5-Year Financial Plan PPKD Fin 11 and 30-Year Financial Plan PPKD Fin 12).

The timetable for the plans is included in the Annual Planning Timetable.

Each Department Head will co-ordinate the preparation of estimates of revenue and capital expenditure and income delegated to their department in the format and by the date required by the Finance Manager.

The Chief Executive will prepare the staffing plan for costing by the Finance Manager.

The Senior Management Team will review the draft 5-year budget for approval by the Board and identifying any savings required, where necessary.

The Head of Finance & IT will prepare the 30-year financial plan, including sensitivity analysis, based on the 5-year financial plan.

3. Development Programmes

Capital expenditure on land and buildings must be approved by the Board, prior to making a financial commitment to a project.

The Chief Executive is responsible for ensuring the development plans are reviewed annually as part of the Business Plan Review. This development programme is then used in the 5-year budget assumptions.

The Head of Finance & IT is responsible for quarterly reporting to the Board on development capital expenditure/income against forecasts, as part of the management accounts.

4. Preparation of 5 Year Financial Plan

The Head of Finance & IT is responsible for ensuring an annual revenue and capital budget, included in the 5-year financial plan noted above, is prepared annually for approval by the Board by March of each year.

The 5-year financial plan will include a cashflow forecast for the year and a projected year-end Statement of Financial Position and a Statement of Income.

The Head of Finance & IT will communicate approved annual budgets to all budget holders as soon as possible following their approval by the Board.

The Annual Budget will be used for comparison with actual performance in the Management Accounts.

5. **Control of Budgets**

The Board will monitor overall performance against approved budgets.

Day to day responsibility for the various budgets is delegated to the Department Heads as agreed by the Senior Management Team.

The control of income and expenditure within an agreed revenue budget is the responsibility of the designated Line Manager who must ensure that day to day monitoring is undertaken effectively.

Line Managers can delegate spend approval within their budget to their staff members so long as the staff member has sufficient authority (per the Spend Authority Levels, Procurement Policy PPKD FIN 35).

Line Managers must ensure that approved budgets under their control are not exceeded, aim to achieve best value and to ensure that all expenditure has been properly incurred in terms of these Financial Regulations.

Where overspend/lost income is incurred this will be reported to the Board through the Management Accounts and other standard reports to Board, as appropriate, with the Department Head identifying necessary action to be taken.

The Finance Manager will assist Line Managers by providing management information on their budget. Line Managers should however be aware of forward commitments that have not yet been paid for.

The Head of Finance & IT will submit quarterly management accounts to the Board comparing actual with budgeted income and expenditure for the year to date, as well as the projected outturn for the year, as well as actual and projected Statement of Financial Position and cashflow, highlighting any relevant matters.

6. **Virement**

Where a Department Head is responsible for more than one budget, virement (i.e. authority for the transfer of agreed estimates from one budget heading to another) is permitted, provided that the additional expenditure does not exceed the Department Head's authorised spend limit – as per the Procurement Policy (PPKD FIN 35) and the Department Head's total budget is not exceeded.

Virement between budgets held by different Department Head is permitted. This is subject to the prior approval of the Chief Executive, and the agreement of the transferring Department Head, provided that the veered expenditure does not exceed the Chief Executive's authorised spend limit and there is sufficient underspend in the budget being veered from.

When virement is proposed for sums more than the Chief Executive's spend authorisation level this will also require the prior approval of the Board. The Chief Executive is responsible for submitting such requests for virement of resources to the Board.

7. Emergency Expenditure

In circumstances of emergency, expenditure, in excess of approved virement limits above, may be incurred by obtaining the prior approval of the Chief Executive or Chair of the Association. The Chief Executive must advise the Head of Finance & IT and report any expenditure so incurred to the next meeting of the Board detailing how this expenditure will be financed.

D ACCOUNTING POLICIES, RETURNS AND RECORDS

1. Basis of Accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and the Association's approved Accounting Policy (PPKD Fin 36)

2. Format of the Accounts

The Association's accounts are prepared for the financial year ending 31 March, in the format required by the current Statement of Recommended Practice (SORP) on the Accounting for Registered Social Landlords.

The Subsidiary accounts are prepared for the financial year ending 31 March, in the format required by the latest Companies Act.

3. Accounting Returns

The Head of Finance & IT is responsible for despatching financial returns and other periodic financial reports to the regulatory body and other agencies as required. Details of the significant financial returns are given below (the list is not exhaustive):

- Office of Scottish Charity Regulator (OSCR) Annual Return
- Financial Conduct Authority (FCA) Annual Return
- SHR 5 Year Financial Projections
- SHR Loan Portfolio Return
- SHR Annual Financial Statement Return
- Pensions Trust: Pension Financial Viability Return
- Payroll year end online submission to HMRC
- Companies House Annual Return – PSPS subsidiary only
- Annual Corporation Tax submission to HMRC – PSPS subsidiary only

4. Accounting Records

The Head of Finance & IT is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

The Association is required by law/best practice to retain prime documents. These are:

- financial statements (permanently)
- associated year end accounts files (last six years)
- copies of receipts, invoices and payments (last six years)
- payroll records (last seven years)

The Privacy Policy detailing the Archiving, Retention and Destruction of Data for all types of records, includes those covered by this Financial Regulations Policy.

E INCOME MANAGEMENT

1. General

The Head of Finance & IT will ensure that proper financial and accounting procedures are in operation for the collection and recording of all monies due to the Association.

2. Setting Rents and Other Charges Annually

Except for rents set by the Rent Registration Officer, the PHA Board will approve annually the level of rent & service charges chargeable for the following year. The Head of Housing, in conjunction with the Head of Finance & IT, will report to the Board on the proposed level of rents & service charges, considering affordability, comparability and viability, our business objectives and our Rent Setting Policy (PPKD FIN27).

The Factoring & Development Officer, in conjunction with the Head of Finance & IT, will review annually the level of management fee to be charged to owners for factoring services, for approval by the Board of PSPS.

3. Income Collection

- Overview: The Association's procedures for the collection, recording, and banking of income are designed to ensure accuracy and timeliness.

The Association has separate procedures to ensure

- Monitoring & swift and effective recovery of outstanding debt
- all income is accurately recorded in the financial system

3.1 Rent, Service Charge, Rechargeable Repairs and Factoring Debt & Collection

Debts will be pursued as per the relevant approved Rent Arrears, Factoring Debt Recovery or Recharges Recovery Procedures.

The Rent and Factoring Postings Procedure (PPKD FIN10) set out how Income collection from rent, factoring and recharges will be recorded with in the Housing Management and Finance systems.

3.2 Collection of Other Debts

Where no other procedure applies the Head of Finance & IT should ensure that:

- official invoices are raised promptly in respect of other income due to the Association
- swift and effective action is taken to collect overdue debts from these

- sundry invoices in accordance with the Association's formal procedures
- such outstanding debts are monitored.
- debts will be pursued as per Sundry Debtors Procedure (PPKD Fin09)

4 Write-off of Debts

There is a separate procedure note "Provision of and Write Off of Bad Debts" (PPKD Fin 06) on the operation of this part of the finance regulations. The procedure specifies approved levels of authority for write-offs as well as how the bad debt provisions are calculated annually.

5 Other Grants

There is often need to apply for and claim grants for activities. This grant will be pursued by the relevant Budget Holder, delegating day to day administration to the appropriate staff member, as required, and ensuring the Finance Department are advised of the grant and when it is due in.

The Finance Department will advise when the grants have been received.

F EXPENDITURE

1. General

Procurement & Authorisation limits are covered by the Procurement Policy (PPKD Fin 35)

The Head of Finance & IT is responsible for making payment for all supplies of goods and services to the Association.

Staff should ensure that when reports are submitted to the Board the financial implications of any course of action are fully detailed. The Head of Finance & IT should be consulted prior to a report going to the Board where there are financial implications.

2. Authorisation of Expenditure

- **Overview: procedures are in place to define** spend authorisation limits and procedures for approving expenditure.

Inclusion of an item in the revenue budget constitutes authority to the appropriate budget holder to incur such expenditure up to the level of the provision, subject to the following: -

- The Board ratify all pay awards agreed between EVH and the Unite Union.
- Approval by Human Resources sub-committee is required before implementation of any additional staff and re-grading of existing staff even when provision for this has been made in the revenue budget.
- As per the Procurement Policy (PPKD FIN35) sets out the invoice authorisation limits for different levels of staff and management
- Items, the costs of which exceed **budget holders authorised expenditure levels**, per the Procurement Policy (PPKD FIN35), or expenditure not provided for in the budget, subject to virement, will require approval by the Board.
- Asset Management expenditure in the planned maintenance programme pre-approved by the Board (cyclical and major repairs) do not require further approval by the Board so long as the tendered contracts do not exceed the pre-approved levels.

It should be noted that there are practical limits on available petty cash and credit card spend.

Invoices should be approved for payment as per Purchase Ledger Procedure (PPKD FIN 28) and will be invoice & contact documentation will be retained as per this Policy and as per the Privacy Policy (regarding retention timescales)

3 **Procurement and Contracts**

- **Overview:** The Association has in place a policy for procurement to ensure value for money and a procedure for effective contract management.

The Association has in place a Procurement Policy that should be followed for all purchase and contract spend.

The Procurement Policy sets out the process to be followed for the different levels of expenditure, in particular at values that require to follow Regulated Procurement tender processes set by the Scottish Government.

In all purchases the staff will consider best value in any purchases based on quality, cost, and reliability and overall efficiency.

Contract performance and compliance will be monitored regularly as per the Contract Management Framework.

4 **Development Schemes and Consultants**

The Senior Management Team will initiate proposals for rehabilitation/new build schemes

The Buying and Selling Strategy identifies projects to develop. The Association may appoint development agents (including other RSLs with the relevant experience) to undertake developments on the Association's behalf, where the Board consider we do not have the required resources inhouse.

The Association will follow Scottish Government guidance and use the Scottish Government's HARP system to process (Scottish Housing Grant) SHG grant applications and claims.

Expenditure will be procured as per the Procurement Procedure.

5. **Payments of Invoices**

Payments will be made in line with the Purchase Ledger Procedure (PPKD FIN 28) and Banking Procedure (PPKD FIN 32).

G **SALARIES AND EXPENSES**

1 **General**

Overview: The Association has in place Policies relating to the employment of staff.

The Board has overall responsibility for Human Resources including the employment of staff. The Board delegate approval for certain Human Resources issues/policies to the Human Resources Sub Committee as per the Delegated Authority and Standing Orders.

Where approved by the Board the Association adopts the model Human Resource Policies as published by EVH.

The HR Sub have approved various salary benefits & salary sacrifice benefits for staff, which all have approved Policies and procedures.

All Association staff will be paid the appropriate EVH salary scale for their grade as approved by the Board and in accordance with the Conditions of Service. The Corporate Services Officer, who is responsible for personnel issues, will be responsible for keeping the Head of Finance & IT & Finance Manager informed of all changes relating to personnel for payroll purposes.

These include:

- appointments, resignations, dismissals, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave.
- changes in remuneration including pay awards and salary sacrifice
- information necessary to maintain records of service for pensions, income tax, national insurance etc.

2 **Payroll Management**

Overview: The Association has in place procedures for calculating and processing payroll, including statutory deductions.

The Head of Finance & IT is responsible for all payments of salaries to all staff including payments for approved overtime or expenses.

Monthly salaries (including taxes and applicable benefits such as pensions) are calculated & processed as per the Salaries Procedure (PPKD FIN 21), using appropriate payroll software.

All time sheets and other pay documents will be in a form prescribed or approved by the Head of Finance & IT .

All payments must comply with Inland Revenue regulations.

Staff are paid monthly on the last working day of each month following the tax months (i.e. end the 5th of the month).

The Head of Finance & IT shall be responsible for keeping all records relating to payroll including those of a statutory nature for 7 years

Payroll records are maintained confidentially and securely and are held in a secure network with restricted access in place.

3 Pensions

The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangement for employees.

The Board have approved the Pension Policy (including salary sacrifice)

The Head of Finance & IT has overall responsible for day-to-day pension matters including paying of contributions to the Pension Trust.

4. Staff Expenses

Overview: The Association has in place an approved Policy for reimbursing staff expenses and procedures for submitting and approving claims.

The association has in place a Staff Expenses Policy (PPKD FIN 25) which outlines expenses staff can claim for and the relevant rates. The Association adopts annually EVH's travel and subsistence rates.

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Finance Manager, including all relevant receipts and documentation

Staff Expense Claims are reviewed and approved promptly by the relevant Head of Department.

Expenses are processed as per the Salaries Procedure.

5 Board Expenses

Overview: The Association has in place an approved Policy for reimbursing Board expenses and procedures for submitting and approving claims.

- **Procedures:**

- Define allowable expenses and reimbursement rates.
- Require detailed receipts and documentation for all expense claims.
- Review and approve expense claims promptly.

The association has in place a Board Expenses Policy (PPKD FIN 29) which outlines expenses Board can claim for and the relevant rates. The Association adopts annually

EVH's travel and subsistence rates.

All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Finance Manager, including all relevant receipts and documentation

Staff Expense Claims are reviewed and approved promptly by the Customer Services Officer and Finance Manager

Expenses are processed as per Purchase Ledger Procedure, normally paid via BACS.

H **ASSET MANAGEMENT**

The Association has in place an Asset Management Strategy approved by the Board and reviewed annually to ensure the investment in the Assets.

1. **Land and Buildings**

The purchase, lease of land or buildings must be pre agreed with the Board or as included in the Buying and Selling Strategy, as part of the wider asset management strategy.

The list of all PHA housing stock and office(s) is help on the Housing Management System.

2. **Stocks**

The care and custody of stocks of general stationery and cleaning materials is the responsibility of the Corporate Services Officer, who ensure that adequate stock records are maintained, and regular inspections take place.

3. **Inventories**

An inventory of all office furniture, fittings and equipment costing over £100 will be maintained by the Finance Department

An inventory of all ICT hardware and software is maintained by the IT Department, liaising with the Finance Department.

4. **Asset Disposal**

The Finance & IT will have the authority to agree to the disposal of surplus items of equipment and furniture valued under £500 to staff or Board Members. The Chief Executive must agree the disposal of any item valued over £500.

Disposal of land and buildings must only take place with the authorisation of the Board. The consent of the Scottish Government and Renfrewshire Council may also be required.

5 **Reconciliation**

Annually a reconciliation will be undertaken of the housing and inventory asset records with financial statements.

I Treasury Management

1 Treasury Management

Overview: The association has in place a Treasury Management Policy for managing cash flow to ensure liquidity and effective investment of surplus funds.

The Treasury Management Policy (PPKD FIN 04) sets out the Association's strategy and policy for cash management, investment of surplus funds and borrowing. The

2 Responsibilities

The Board has overall all responsibility for safeguarding the Association's Assets, annually approving Treasury Management policy statement and committing the Association to any borrowing.

The Head of Finance and IT has responsibility for ensuring the implementation and monitoring of the Treasury Management Policy .All executive decisions on borrowing, investment or financing (within policy parameters) shall be delegated to the Head of Finance & IT. The Head of Finance & IT and their staff are required to act in accordance with CIPFA's code of practice. They must also have due regard in all matters to statutory requirements, the Association's own rules and standing orders and regulatory requirements and/or expectations.

The Head of Finance & IT shall report to the Board as per the Treasury Management Policy.

Finance staff have day to day responsibility to ensure that the Treasury Management Policy is adhered to ensuring regular reconciliation cash balances, monitoring for cashflow forecast and Investment of surplus funds in accordance with the association's investment policy

3 Cash Flow Management

Finance staff have day to day responsibility to ensure that the Treasury Management Policy is adhered to ensuring regular reconciliation cash balances, monitoring for cashflow forecast and Investment of surplus funds in accordance with the association's investment policy

4 Banking Arrangements

The Head of Finance & IT oversees the operation of the bank accounts on behalf of the Association.

Only approved bank signatories may open or close a bank account for dealing with the Association's funds. PPKD FIN 02 Approved List of Banking Signatories. All bank accounts shall be in the name of the Association.

The Head of Finance & IT is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review per the Banking Procedure (PPKD FIN 32).

5 Cash/Cheque receipts

Only in exceptional circumstances will cash now be accepted in the office. Cheques are received via the post. All monies received in the office will be processed as per the Banking Procedure (PPKD FIN 32).

Personal cheques or other cheques must not be cashed out of money received

6 BACS

Details of authorised signatories for all BACS / Cheque payments as approved by the Board are detailed in the 'Authorised List of Signatories- Cheques and BACS' PPKD FIN02.

Set up of suppliers/contractors payable by BACS, on the Finance System and on the Corporate Banking System, is as per the Purchase Ledger Procedure (PPKD FIN 28).

7 Petty Cash

A petty cash float will be held by the Finance Assistant to be used for payment for sundry items of expenditure.

The operation of the float is the subject of a separate procedure note 'Petty Cash Procedure (PPKD FIN13).

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J **GENERAL MATTERS**

1. **Fraud and Corruption**

The Anti-Fraud, Corruption and Bribery Policy (PPKD FIN 38) set out the Procedures for reporting financial irregularities, fraud, or misconduct. This will include reporting the matter internally and to any other appropriate regulatory body where required (See Notifiable Events Policy). There is also a Whistleblowing Policy in place, which the Association must ensure is operating effectively.

9 **Whistleblowing**

- **Overview:** Procedures for reporting financial irregularities, fraud, or misconduct.
- **Procedures:**
 - Establish a confidential reporting mechanism for whistleblowers.
 - Protect whistleblowers from retaliation.
 - Investigate and address reported issues promptly.

2. **Insurance**

The Head of Finance & IT, in consultation with the Chief Executive and other Department Heads will affect and maintain appropriate insurance on all assets and in respect of all legal liabilities of the Association.

The annual budget for insurance will be approved by Board through the budget approval process.

The Senior Management Team is responsible for providing accurate information to ensure that the amount of cover carried by the Association is correct.

The Board delegate to the Head of Finance & IT to agree the specific annual terms of cover.

The Finance Manager will be responsible for submitting all annual returns, and for payment of premiums.

The Insurance Claims Procedure (PPKD FIN 14) should be referred to for making claims and storing related information.

The Procurement Policy will be followed for tendering for the insurance services.

Line managers must ensure that any agreements/contracts negotiated within their department with external bodies insure against any key legal liabilities to which the Association may be exposed. The Head of Finance & IT advice should be sought, where necessary, to ensure this is the case. Department Heads must give prompt notification to the Chief Executive and Head of Finance & IT of any potential new risks and additional insurance which may require insurance or any alteration to existing insurance.

All staff using their own vehicles on behalf of the association shall maintain appropriate insurance cover for business use.

3 Security

Heads of Department are responsible for maintaining proper security at all times of all buildings, stock, stores, furniture, cash etc. under their control. They shall consult the Head of Finance & IT in any case where security is thought to have been defective or where it is considered that special security arrangements may be needed.

The Senior Management Team shall be responsible for maintaining proper security and privacy of information.

The Association has in place a process for securing the Office and attending incidents.

The loss of office keys must be reported to the Corporate Services Officer immediately.

Electronic access to areas where data is stored will be restricted to authorised persons as per the Information Security Policy.

Data held electronically is covered by the Information Security and Privacy Policies. The Association also has in place an ICT Disaster Recovery Policy (PPKD FIN 33), covering ICT, and a Major Incidents and Business Continuity Planning Policy.

Data covered by the NASSO protocol will be stored in accordance with the protocol.

4 Data Protection

The Association is committed to ensuring the secure and safe management of data held by the Association in relation to customers, staff and other individuals. The Privacy Policy sets out the Association's duties and procedures for processing that data. The Corporate Services Officer has responsibility to ensure compliance with the Act and the Privacy Policy.

As part of the Privacy Policy, the Association has produced a Fair Processing Notice (Privacy Notice), which it is required to be provided to all individuals whose personal data is held by the Association, in particular as it relates to our tenants, suppliers and employees.

There is an Appendix to the Privacy Policy detailing the Archiving, Retention and Destruction of Data timescales for all types of records, including those covered by this Financial Regulations.

5 Conduct of Staff and Board

The Association expects that staff at all levels will observe the EVH Code of Conduct of Staff.

The Board also has a Code of Conduct for Board Members and individual members are expected to adhere to this.

6. Hospitality

Guidelines on accepting or providing hospitality are set out in the Association's policy on hospitality (Hospitality & Gifts Policy)

Any hospitality or gifts that are accepted must be recorded in the Hospitality Register.

7 Obtaining Expert Financial Advice.

Where considered appropriate the Senior Management Team and/or Board shall seek the advice of financial experts such as in relation to taxation matters but also insurance, pensions and treasury management issues.

8. Freedom of Information

When implementing the policies and procedures of the Association all staff and board members must adhere to and be aware of the requirements of the Freedom of Information legislation and the requirements of the model publication scheme from the Information Commissioner, in particular to make information accessible to the public via our website.

As such the Finance Regulations are published on the PHA website.

INSURANCES

| Types of Insurance Held By Association | Responsibility Of | Notes |
|--|--|--|
| Voluntary Board Members & SENIOR OFFICERS Liability | Head of Finance and IT | If not a member of the SFHA, required to be purchased through our insurance company. |
| Contract Works Insurance. (Clause 22C of Standard Form of Contract 1980) | Head of Asset Management /Head of Finance and IT | Based on estimated works and fees on rehabilitation schemes/planned maintenance works. Cover should be arranged annually but will be reviewed on a contract-by-contract basis through the Association's building insurers |
| Buildings Insurance H.A owned properties and factored properties | Head of Finance and IT | Based on reinstatement value of housing association owned flats and those belonging to other owners in buildings factored by Paisley HA. Adjusted annually through completion of declaration issued by the Association's insurers. This insurance currently has an excess of £1000 on all Housing Association owned flats. There is a £250 excess on owners' flats. |
| Buildings Insurance (for office premises) | Head of Finance and IT | Based on reinstatement value of property adjusted annually through completion of declaration issued by the insurers. This insurance has an excess of £1000 |
| Office Contents | Head of Finance and IT | Based on inventory of office contents updated annually for inflation through completion of declaration issued by insurers |
| Public / Property Liability Employers Liability Personal Accident Cyber | Head of Finance and IT | Each of these is adjusted annually through completion of declaration issued by the insurers. |
| Play & Laundry Equipment Insurance | Head of Asset Management | Adjusted each year through completion of declaration issued by insurer. |
| Lift Engineering Insurance | Head of Asset Management | Adjusted each year through completion of declaration issued by insurer. |
| Vehicle Insurance | Head of Asset Management | Adjusted each year through completion of declaration issued by insurer |