

# FINANCIAL REGULATIONS POLICY

**NOVEMBER 2023**



**LANARKSHIRE**  
HOUSING ASSOCIATION LTD



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HOUSING ASSOCIATION LTD

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- ensure that annual audited accounts be published in accordance with the Association's rules, and all statutory returns are completed within the required timescale

### 1.2.2 Chief Executive

The Chief Executive of the Association is the Head of the Paid Service and as such is responsible for co-ordinating the activities and implementing the policies of the Association.

### 1.2.3 Finance Manager

The Finance Manager reports directly to the Chief Executive on the administration and control of all financial aspects of the Association and will provide financial advice to all Committees of the Association. The principal responsibilities of the Finance Manager are detailed as follows: -

- assisting in the long-term strategic planning of the Association
- assisting in the preparation of the annual internal management plan
- providing financial support and assistance in the annual rent setting process
- co-ordinating input into preparation of the annual budget
- presenting management accounting reports to the Management Committee on a quarterly basis
- ensuring the requirements of the Co-operative and Community Benefit Societies Act 2014 (previously known as the Industrial and Provident Society Acts) or other constituting authorities are obeyed concerning the requirements for the Association to keep proper records of transactions
- monitoring the day to day running of the Association's finances
- maintaining efficient systems of financial control and reporting
- safeguarding the assets of the Association
- ensuring the Association has adequate insurance policies in respect of buildings, office equipment and public liability

- ensuring that all the Association's development projects have the required level of funding and as at the time it is required and that all eligible grants for such projects have been claimed and adequate loan finance has been arranged
- implementing and operating the treasury management policy of the Association with regard to loan portfolio and with regard to the investment of surplus funds to the benefit of the Association but with the minimum of risk without contravening statutory restrictions and the Association's rules

#### **1.2.4 Senior Officers**

Senior officers should ensure at all times that they endeavour to secure the best value for money in respect of expenditure incurred by them with the objective of achieving the policies of the Association.

Senior officers shall consult with the Finance Manager in respect of any matter affecting his/her service which is liable to affect materially the finances of the Association before any provisional or other commitment is incurred or before reporting thereon to Committee, except in an emergency and/or as authorised by any Scheme of Delegation.

It is the responsibility of all senior officers to promote awareness of and adherence to the Financial Regulations of the Association.

## **2.0 BUDGET PREPARATION**

### **2.1 Budget Preparation**

The budget is to be prepared in a form agreed by the Management Committee. The budget will conform to the objectives and policies of the Association and will form part of the business planning process.

### **2.2 Budget Timetable**

The Finance Manager, in consultation with the Chief Executive, shall prepare annually, a timetable detailing procedures to be followed for the preparation of the budget.

Senior officers shall provide the Finance Manager with such details as may be required for the purpose of preparing the budget for the forthcoming financial year and the relevant Committee approval.

### **2.3 Budget Approval**

The budget shall be considered by the Corporate Governance & Finance Sub Committee and thereafter submitted to the Management Committee for approval together with a recommendation as to the rents to be levied.

## **3.0 BUDGETARY CONTROL**

### **3.1 Limitation of Expenditure**

No expenditure shall be incurred and charged against a budget heading unless provision for that expenditure has been included in the budget except: -

- (i) Where a supplementary budget has been approved by the appropriate Sub Committee and ratified by the Management Committee
- (ii) In emergency situations in terms of the Scheme of Delegation; and
- (iii) As provided for in Paragraph 3.3

Expenditure shall not be incurred in respect of any item that is intended to be financed by Housing Association Grant or Development Guarantee Funding without obtaining the Scottish Government's prior approval.

### **3.2 Budgetary Control**

It shall be the duty of the Finance Manager to report regularly and timeously on all budgetary control matters, comparing actual performance with the respective budget to committee and other bodies designated by the Association, Chief Executive and senior officers.

It shall be the responsibility of the senior officers to ensure that budgets are not overspent and that net expenditure conforms to the authorised budget level. Senior officers shall also provide the Finance Manager with whatever assistance and information is considered necessary in order to ensure the effectiveness of the budgetary control system. This will include the allocation of budgets, the phasing of budgets over accounting periods, explanation of budget variances and the determination of probable outturns.

The Finance Manager shall keep the Management Committee informed, each quarter, as to the state of the Association's finances and shall report on the statutory accounts of each financial year within three months of the financial year end and provide the Scottish Government with audited year end accounts within six months of the year end along with the other financial information required by the regulator as prescribed in guidance.

### **3.3 Virement**

Budget virement shall be permitted subject to any Scheme of Delegation of the Association, only in the following circumstances: -

- Where the amount involved is up to £3,000 the transfer shall be agreed by the Finance Manager. Where the amount is over £3,000 the agreement of the Corporate Governance & Finance Sub Committee shall be required
- A deficit of up to £3,000 under a budget heading may be balanced by offsetting from another budget heading on which there is a surplus arising from management action, where the deficit has arisen due to circumstances which could not have been foreseen and would not involve a change of Association policy

### **3.4 Reports to Committees**

All reports presented to Committees must specifically identify the extent of any financial implications. All such implications must be clearly stated in the reports, identifying cost and income in current and future years, the impact on capital and revenue spending and whether or not, and exactly where, such resources are included in the budget or, if not, how and from where it is proposed that such financial resources be obtained.

## **4.0 PETTY CASH/IMPREST ACCOUNTS**

The Finance & IT Officer shall authorise cash payments on the production of vouchers from Officers. Cash advances may be paid at the Finance Manager's discretion.

The limit of the imprest accounts shall be set and reviewed periodically by the Corporate Governance & Finance Sub Committee.

### **4.1 Petty Cash**

The present limit on the cash imprest is £400. The current authorised persons for endorsing petty cash requests are the Finance Manager, Corporate Services Director, Administration Officer and the Clerical Assistant. Individual requests over £100 can only be authorised by Finance Manager or Corporate Services Director.

### **4.2 Decoration Fund**

The limit of the decoration imprest is £800. The current authorised persons for endorsing decoration requests are the Housing Services Director, Property Services Director and Housing Manager. The final approval for any such requests are the Finance Manager, Corporate Services Director, Administration Officer and the Clerical Assistant. Individual requests over £100 can only be authorised by Finance Manager or Corporate Services Director.

## **5.0 ACCOUNTING**

### **5.1 Accounting Procedures and Records**

All accounting procedures and records of the Association shall be determined by the Finance Manager and all accounts and accounting records of the Association shall be compiled by the Finance Manager or under their direction.

### **5.2 Internal Check**

The following principles shall be observed in the allocation of duties: -

- (i) Procedures to be followed regarding the calculation, checking and recording of sums due by or to the Association shall be arranged in such a way whereby the work of one person is proven independent or is complementary to the work of another and these functions shall be separated from the duty of collecting or disbursing such sums.
- (ii) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

## **6.0 EXTERNAL AUDIT**

### **6.1 Annual Account Preparation**

Preparation of annual accounts shall commence within four weeks of the financial year end and draft accounts together with audit schedules are to be prepared for the auditors by the time the audit commences.

The audit should commence within two months from the financial year end. A timetable and fee level are to be agreed with the auditors prior to the commencement of the audit.

### **6.2 Submission & Approval of Annual Accounts**

Draft accounts are to be submitted to the Management Committee at the meeting prior to the Annual General Meeting.

Final audited accounts are to be adopted at the Annual General Meeting. These accounts should be signed and submitted to the Scottish Government within six months of the financial year end.

### **6.3 Review of External Auditors**

The provision of external audit services shall be subject to a formal tendering process every seven years as a minimum. Procedures for tender evaluation and selection shall be subject to the approval of the Corporate Governance & Finance Sub Committee.

## **7.0 INTERNAL AUDIT**

### **7.1 Annual Assessment Plan**

An annual assessment plan will be prepared and submitted for approval in time for the February meeting of the Management Committee, prior to the start of the financial year. The annual plan should not exceed 25 audit days and form part of a 3-year audit programme. All business areas are to be thoroughly audited in order that audit opinion can be formed on the Association's compliance with regulatory standards, approach to managing risk and its capacity to efficiently deliver high quality services.

### **7.2 Audit Visits and Reports**

Audit visits are to be planned and agreed by the Finance Manager ahead of the scheduled visit. Arrangements will be made for audit staff to work from the Association's main office and have access to facilities and amenities. Protocols regarding the issuing of reports and submitting management responses will be followed in accordance with the Annual Engagement Letter.

### **7.3 Reporting Audit Findings to Committee**

A senior member of the internal audit team will attend the Corporate Governance and Finance Sub Committee meetings to present final audit reports and explain audit findings and recommendations to Committee members. At the end of the financial year, an annual audit performance report will be submitted to the Sub Committee appraising the Association on its record on fulfilling audit recommendations and responding to audit queries.

### **7.4 Review of Internal Auditors**

The provision of internal audit services shall be subject to a formal tendering process every three years as a minimum. Procedures for tender evaluation and selection shall be subject to the approval of the Corporate Governance & Finance Sub Committee.

## **8.0 BANKING, CONTROL OF CHEQUES**

### **8.1 Arrangements with Bankers**

All arrangements with the Association's Bankers concerning the Association's bank accounts and the issue of cheques shall be made by the Finance Manager.

### **8.2 Opening & Closing of Accounts**

Official bank accounts bearing the Association's name shall be opened or closed by the Finance Manager.

### **8.3 Cheque Control**

All arrangements for controlling and signing of cheques on behalf of the Association shall be made by the Finance Manager.

### **8.4 Review of Bank Services**

All services provided by the bank in relation to the management of the Association's bank accounts and the issue of cheques shall be subject to periodic review by the Chief Executive and the Finance Manager.

## **9.0 CONTRACTS**

### **9.1 Public Contracts Scotland Tendering Process**

All contracts that are subject to the Public Contracts Scotland (PCS) tendering process must ensure that all communication and information exchange, including submission of tenders, is performed electronically via the PCS website. The Association must fully comply with the regulations set out by PCS to ensure consistency and transparency for all competitive bidders.

### **9.2 Issue and Return of Tender Documents (By Post or By Hand)**

Those contracts that are tendered out with PCS and whose expected financial values are below Scottish and OJEU thresholds, the Association may allow tender documents to be issued and returned by post or by hand. For those instances, the following process must be followed:

- Tender documents shall specify the date and time of return, the place of return, the period for acceptance of the contract, together with an intimation of the Association's right to accept any tender received or none of them
- Tender documents issued shall be accompanied by a suitable envelope for their return by post or by hand, which is clearly marked to indicate that enclosed is a tender and for what purpose. The envelope shall be addressed to the Chief Executive, Lanarkshire Housing Association, 191 Brandon Street, Motherwell, ML1 1RS. In addition, the date and time for receipt of offers shall be indicated on the envelope
- All tender return envelopes shall be marked with date and time received by the Chief Executive and kept in a safe place until formally opened. Where delivered by hand, a receipt shall be issued
- Any tenders received after the time and date for receipt of offers shall be returned and not considered



### **9.3 Opening of Tenders**

All Tenders which are eligible for Housing Association Grant shall be opened in the presence of at least one committee member, and the Chief Executive, or other senior member of staff and at least one representative of professional consultants. A record of the results of the tenders, having been duly witnessed in a book by those present, shall be kept in a locked cabinet.

Tenders will be accepted by the Association subject to them being eligible for Housing Association Grant and Private Finance if appropriate. Any costs not eligible will be reported to the Committee. Any savings requested by the Scottish Government will similarly be reported to the Committee.

### **9.4 Reporting of Variations in Contracts**

Variations in contracts arising from Architect's Instructions or other alterations once a tender has been accepted shall be considered significant and shall be reported to the Committee if the cost involved amounts to 1% of the tender price or if a number of small variations amount to 5% of the tender price.

Variations with a cost effect less than the 'significant' level may be authorised by the Property Services Director. In the absence of the Property Services Director, the Chief Executive's approval must be sought. Significant variations will only be authorised by the Chief Executive providing a detailed consultant's report recommends the works required.

The Chief Executive shall have the responsibility to appoint or delegate the appointing of Consultants, subject to the approval of the Housing Services Sub Committee.

### **9.5 Contractual Matters**

#### **Record of Contracts**

The Finance Manager shall maintain a record of all relevant contracts and payments made thereon.

#### **Payment of Contractor's Certificates**

Payment of contractor's certificates shall take place within 21 days of the certificate being issued by the contractor. It shall be the responsibility of the Finance Manager to ensure procedures are in place to facilitate this. Should, for any reason, a contractor not be paid within 21 days, any Housing Association Grant (HAG) received in respect of payment of the contractor shall be repaid to the Scottish Government.

### **Claims from Contractors**

Claims from contractors and professional consultants in respect of matters not clearly within the terms of any existing contract shall be referred to the Association's solicitors for consideration of the Association's legal liability and, where necessary, to the Finance Manager for financial consideration before any settlement is made.

### **Delays in Contract Completion**

Where completion of a contract is delayed beyond the contract period, it shall be the duty of the identified officer concerned to consider, and where appropriate, to take action in respect of any claim of liquidated damages.

All officers and consultants shall have regard to the requirements of the Scottish Government in respect of matters relating to contracts.

## **10.0 PROPERTY REGISTER**

A property register will be maintained recording an adequate description for each house owned in terms of address, location, number of rooms, number of persons.

For each house owned, the property register will include the following: -

- date of completion
- current rent being charged
- cost of construction or rehabilitation
- amount of grant acquired for purchase, construction or rehabilitation
- amount of loan outstanding, attributable to the cost of purchase, construction or rehabilitation

Shared ownership houses will also state the current tranching position, and accordingly, items listed above will be adjusted in proportion to tranche levels.

The form in which the property register is to be kept shall be determined by the Finance Manager.

## **11.0 ASSETS (OTHER THAN PROPERTY)**

### **11.1 Inventories**

The Association must maintain full and accurate inventory records. It is essential for the proper control of such assets and for security purposes in the event of fire, theft and other risks covered by insurance, that management ensure the completion of adequate inventory records on a

continuous basis. The Finance Manager will be responsible for the maintenance of all inventory records.

### **11.2 Use of Equipment**

The Association's property shall not be removed other than in the course of the Association's normal business or used other than for the Association's purposes without the specific approval of the Chief Executive or Directors. Where property is removed for Association purposes, a register must be maintained on the movement of such items together with authorisation for the removal of such property.

## **12.0 INCOME**

### **12.1 Accounting Arrangements**

It shall be the duty of the Finance Manager to make adequate financial and accounting arrangements to ensure the proper recording of all money due to the Association and the proper collection, custody control and remittance of all cash of the Association. All income must be promptly recorded in order to ensure that all accounts are brought up to date without delay.

All accounts for income due to the Association shall be rendered by or under arrangements approved by the Finance Manager. All accounts should be raised and issued timeously.

Sums due to the Association shall not be written off except with the approval of the Management Committee. Appropriate provisions for bad debts should be made within the accounts of the Association.

### **12.2 Treatment of Money Collected**

All money received on behalf of the Association shall be recorded and deposited immediately with the Finance Manager or the Association's bankers. Under no circumstances shall deductions be made from such money. Cash discount will not be offered to any debtor.

In the interest of safety and to satisfy insurance requirements, the banking of income collected should be performed by two members of staff.

### **12.3 Transfers of Cash, Cheques, etc.**

All transfers of cash, cheques etc. from one member of staff shall be evidenced in the records of the Association by the signature of the receiving officer.

## **13.0 INSURANCES**

### **13.1 Responsibility for Insurance**

The Finance Manager shall make appropriate insurance arrangements for all the Association's activities subject to the general supervision of the Management Committee. The Finance Manager shall arrange, taking such specialist advice as necessary, that adequate insurance cover is obtained for all risks from the activities of the Association and for which it is custom to insure.

### **13.2 Notification of Risks**

Senior officers shall give prompt notification to the Finance Manager of all new or increased risks, properties or vehicles which should be covered by insurance or any deletions affecting their service.

### **13.3 Notification of Claims**

All officers shall notify the Finance Manager in writing, of any loss, liability or damage or any event likely to lead to a claim.

All employees of the Association will be included in a suitable fidelity guarantee insurance policy.

The Finance Manager shall review periodically all insurance cover in consultation with the Chief Executive and other senior officers.

## **14.0 TREASURY MANAGEMENT**

### **14.1 Treasury Management**

The Association has adopted CIPFA's "Code for Treasury Management in Housing Associations". A Treasury policy statement setting out strategy and procedures has been adopted by the Association and implementation and monitoring shall be delegated to the Corporate Governance & Finance Sub Committee.

All money in the hands of the Association shall be aggregated for the purposes of treasury management and shall be under the control of the Finance Manager.

All executive decisions on borrowing, investment or financing shall be delegated to the Chief Executive, or through him to his staff, who shall all be required to act in accordance with CIPFA's "Code for Treasury Management in Housing Associations". The Finance Manager shall report to the Corporate Governance & Finance Sub Committee not less than twice in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

The Finance Manager shall maintain records of all borrowing of money by the Association.

## **15.0 ORDERS**

### **15.1 Official Orders**

All goods, materials or services supplied to or work executed for the Association shall be ordered or confirmed in writing by means of an official works order or by written acceptance of a tender or offer. Acceptances shall be signed only by officers authorised to do so. Exceptions to this shall be petty cash purchases, supplies of public utility services and periodic payments such as rents and rates. A current list of officers so authorised together with specimen signatures shall be maintained by the Finance Manager.

### **15.2 Checks on Goods, Materials and Services Received**

It shall be the duty of the officer who places an order to ensure that all goods, materials and services received meet the agreed price, quantity and quality.

### **15.3 Certification of Invoices**

The officer who incurs expenditure shall arrange for the certification in manuscript that all payment vouchers comply with the following: -

- (i) The expenditure is on items or services, which it is within the Association's legal powers to incur
- (ii) The goods, materials, or services or work to which the account relates have been received or carried out as the case may be and have been examined and approved and are in accordance with the order
- (iii) The prices, extensions, calculations, trade discounts, other allowances, credits and VAT are correct
- (iv) Appropriate entries have been made in inventories, stores records or stock records as required
- (v) Only in appropriate circumstances shall payments be made in advance of receipt. Such payments shall require the approval and agreement of either the Chief Executive or Finance Manager

### **15.4 Authorised Signatories**

A list of authorised signatories for the certification of accounts shall be supplied to the Finance Manager together with specimen signatures. Additions or deletions shall be notified to the Finance Manager as they



occur and the accuracy of the list shall be reviewed annually. No payment shall be made unless certified by an authorised signatory.

#### **15.5 Duplicate Invoices, etc.**

Payment shall not be made on duplicate or photocopy invoice unless certified, in writing, by the authorising officer that the amount has not previously been passed for payment.

#### **15.6 Amendments to Payment Vouchers**

Any amendments to payment vouchers shall be made in ink and initialled by the officer making them, stating briefly the reasons where this is not self-evident. Alterations must not be made using correction fluids.

### **16.0 CLAIMS FOR EXPENSES AND ALLOWANCES**

#### **16.1 Arrangements for Claims**

The Finance Manager shall be responsible for making arrangements for the administration, regulation and payment of claims for expenses and allowances to committee members and employees of the Association.

#### **16.2 Employees' Claims**

All claims for payment of travelling allowances, subsistence allowances, car allowances and incidental expenses shall be submitted at regular intervals as required, duly certified in manuscript on the appropriate official form provided by the Finance Manager. Such payments will not be made out of imprest accounts without the express authority of the Chief Executive or Finance Manager.

#### **16.3 Authorisation of Claims**

No payment shall be made unless certified by an authorised signatory. No officer authorised to certify such claims shall certify his/her personal claim. Personal claims must be certified by a separate authorised signatory.

#### **16.4 Certification of Employees' Claims**

The certification by the authorised signatory shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenditure properly and necessarily incurred, and that any allowances are properly payable.

## **17.0 SECURITY**

### **17.1 Responsibility for Security**

Each senior officer shall be responsible for maintaining proper security, custody and control at all times of all plant, buildings, materials, stores, furniture, equipment, cash, etc. under their control. Senior officers shall also consult the Chief Executive, as appropriate, in any case where security is thought to be defective or where it is considered that special security arrangements may be required.

### **17.2 Safe Keys**

Keys to safes and similar receptacles containing cash or valuable documents or articles shall be carried on the person of those responsible. The loss of any such keys shall be reported immediately to the Chief Executive. A register of all such keyholders will be kept.

## **18.0 SECURITY/RETENTION OF DOCUMENTS**

Each senior officer shall be responsible for maintaining proper security, custody and control of all documents within his/her service. The retention period for all books, forms and records relating to financial matters shall be determined by the Finance Manager.

## **19.0 DATA PROTECTION ACT**

The Chief Executive shall be responsible for the use and security within the Association of all personal data output from computer systems. Personal data output from systems must not be used by any other person or organisation without the appropriate legal advice being sought.

## **20.0 GIFTS & HOSPITALITY**

A register of all gifts and hospitality accepted by officers and committee members shall be recorded on a register. Responsibility for maintaining this register shall fall to the Finance Manager.

## **21.0 OBSERVANCE OF FINANCIAL REGULATIONS**

It is the responsibility of the senior officers to ensure that these Regulations are made known to the appropriate persons within the Association and ensure that they are adhered to.

Any breach or non-compliance with these Regulations must on discovery be reported immediately to the Finance Manager who may discuss the matter with the Chief Executive and/or senior officers as may be appropriate in order to determine the proper action to be taken.

## **22.0 REMOTE WORKING**

22.1 Employees will have the option, when practicable to do so, to work remotely. This should be communicated to the Corporate Services Team for health & safety purposes.

22.2 All standard financial controls should be followed whilst working remotely, and segregation of duty processes remain applicable.

22.3 The Code of Conduct, Data Protection, Information Security and Occasional Home Working policies should all be adhered to whilst working remotely.

## **23.0 REVIEW OF FINANCIAL REGULATIONS**

These regulations shall be subject of review by the Finance Manager in consultation with the Chief Executive, and where necessary, subsequent adjustments will be submitted to the Management Committee for approval.

## Equality Impact Assessment

### Lanarkshire Housing Association Equality Impact Assessment



Name of the <b>policy / proposal</b> to be assessed	Financial Regulations	Is this a <b>new policy / proposal</b> or a revision?	Revision
Person(s) responsible for the assessment	Alan Semple		
1. Briefly describe the <b>aims, objectives, and purpose</b> of the policy / proposal	The policy was updated to detail the controls in place when employees are working remotely.		
2. <b>Who is intended to benefit</b> from the policy / proposal? (e.g. <i>applicants, tenants, staff, contractors</i> )	Finance staff.		
3. What <b>outcomes</b> are <b>wanted</b> from this policy / proposal? (e.g. <i>the benefits to customers</i> )	To allow flexibility for staff to work remotely and to know their responsibilities when doing so.		

## Equality Impact Assessment

4. Which **protected characteristics** could be **affected** by the proposal? (*tick all that apply*)

- ☐ Age      ☐ Disability      ☐ Marriage & Civil Partnership      ☐ Pregnancy/Maternity      ☐ Race  
☐ Religion or Belief      ☐ Sex      ☐ Gender Reassignment      ☐ Sexual Orientation

5. If the policy / proposal is not relevant to any of the **protected characteristics** listed in part 4, state why and end the process here.

6. Describe the **likely positive or negative impact(s)** the policy / proposal could have on the groups identified in part 4.

**Positive impact(s)**

**Negative impact(s)**



## Equality Impact Assessment

7. What **actions** are **required** to address the impacts arising from this assessment? *(This might include collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts).*

Signed: 

Job title: Finance Manager

Date the Equality Impact Assessment was completed: 26/09/2023

***Please attach the completed document as an appendix to your policy / proposal report***