

<b>Clydesdale Housing Association</b>	
<b>Policy name &amp; number</b>	<b>02 - Finance Internal Financial Control Policy</b>
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Clydesdale Housing Association will provide this policy on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.

**CLYDESDALE HOUSING ASSOCIATION LTD**  
**Internal Financial Control Policy**

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## 1. INTRODUCTION

- 1.1 The Association must demonstrate effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.
- 1.2 Clydesdale Housing Association Limited's Internal Financial Control Policy is based on the Organisation Chart contained in Appendix 1.
- 1.3 The Association currently operates under the Charitable Model Rules (Scotland) 2013 (as amended 2015) which are the constitution of the organisation.
- 1.4 The standing orders of the Association detail how the business of the organisation shall be run and include responsibilities, powers and remits of each committee or sub-committee.
- 1.5 The Internal Financial Control Policy details committee and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.
- 1.6 Compliance with the Internal Financial Control Policy is compulsory for governing body members and staff. It is the responsibility of section heads to ensure that all staff are aware of the existence and content of this Policy.
- 1.7 The financial procedures set out how this Policy shall be implemented.
- 1.8 Nothing in this Internal Financial Control Policy shall override instructions from or conditions imposed by the Scottish Government, the SHR, and the Accounting Standards Management Committee 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 other policies will override the principles embodied in this Policy.
- 1.9 A review of the Policy shall take place at least every 3 years.

## **2. INTERNAL FINANCIAL CONTROL**

2.1 Internal financial control can be defined as the controls established to:

- Provide reasonable assurance of the safeguarding of assets against unauthorised use or disposition.
- Provide reasonable assurance of the maintenance of proper accounting records and the reliability of financial information used in and published by the Association.

### **Requirement for Internal Financial Control**

2.2 In addition to our own need for a documented system of internal controls to achieve the aims set out above, it is a requirement of the Regulatory Advice Note: Internal Financial Controls and the Regulatory Standards (issued September 2014) for Registered Social Landlords that we include a statement in our published accounts which:

- Confirms that the Management Committee acknowledges its responsibility for Internal Financial Control.
- Includes a description of the key procedures for Internal Financial Control.
- Confirms that the Management Committee has, in the Financial Year, reviewed the effectiveness of the system of Internal Financial Control and reports whether any weaknesses in the system of Internal Financial Control have resulted in any material losses, contingencies or uncertainties which require disclosure in the audited accounts.
- Explains that the system cannot provide absolute assurance against material loss or misstatement.
- Provides reason for any non-compliance.
- Covers the period between the balance sheet date and the date the accounts are signed.

2.3 The External Auditors are required to review this statement and to report any discrepancies between it and the results of the audit work.

### **Responsibility for Internal Financial Control**

2.4 Responsibility for Internal Financial Control lies with our Management Committee in accordance with the Regulatory Standards. The Management Committee is responsible therefore for ensuring that the control system defined above is in place, is adhered to and is effective. All Management Committee members and staff must adhere to the controls which apply to any situation involving the Association. Day to day management and implementation of controls is delegated to the Chief Executive Officer and the Finance Manager and other staff (as outlined in detail within this Policy).

## **Key controls**

- 2.5 The Association will at all times maintain the following key controls:
- Management accounts with supporting narrative will be prepared quarterly and presented to Management Committee each quarter.
  - The Association will prepare annually its Report and Financial Statements and arrange for an external audit to be conducted. An External Auditor's Management Letter will be presented to the Management Committee at the same time as the Report and Financial Statements.
  - A budget for each financial year will be prepared then discussed and approved by the Management Committee before each financial year commences.
  - Segregation of duties will be maintained where possible between initiating, actioning and recording a financial transaction.
  - All borrowing decisions and changes to banking arrangements will be approved by the Management Committee before being actioned.
  - All bank transactions will be in accordance with delegated authority levels set out at section 28.
- 2.6 These financial controls are described in further detail in the appropriate sections of this Policy.

## **3.0 MANAGEMENT COMMITTEE RESPONSIBILITIES**

- 3.1 The Management Committee has ultimate responsibility for all aspects of the Association's affairs. Management Committee are elected to act as stewards of the public funds and property which are in the ownership of the Association and therefore acts for and in the name of the Association. Management Committee are also Charity Trustees and therefore must act in accordance with charity legislation and regulations. Management Committee must retain ultimate control over all aspects of the Association's work and ensure that its financial and legal responsibilities and the public trust are properly fulfilled. Management Committee will ensure it fulfils its duties in accordance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management.
- 3.2 Statute requires the Management Committee to prepare financial statements for each financial year and it is the Management Committee which is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

3.3 The Management Committee is also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.

3.4 Committee members also have a duty towards the Association, its staff, tenants of Clydesdale Housing Association and the Community and must therefore take steps to satisfy themselves that they receive all necessary information to allow reasoned and justifiable bases for decision making.

#### **4. AUDIT AND RISK SUB COMMITTEE RESPONSIBILITIES**

4.1 It is good practice for Housing Association's to establish an Audit & Risk Sub Committee. The Financial Reporting Council provides guidance on the role of the Audit Committees in its publication 'Guidance on Audit Committee' updated in April 2016. The Audit & Risk Sub Committee is an independent, advisory sub-committee of the Association's Management Committee. Its main functions are overseeing:

- The accounting and internal control systems
- The external audit function
- The internal audit function and
- The provision of the annual statement of assurance of financial control systems
- The Association's risk management policies and procedures

4.2 The membership and powers of the Audit & Risk Sub Committee committee will be in line with the Associations standing orders for sub-committees with the additional powers as follows;

- The Association's Chief Executive Officer and Finance Manager will attend all meetings but will leave if requested by the chair. The Association's internal auditor can be invited to attend a specific meeting, and will receive copies of all relevant papers for that meeting.
- The internal and external auditors have the right of access to the chair of the Audit & Risk Sub Committee and may request a meeting without staff present.
- The Audit & Risk Sub Committee has the right to receive all information it considers necessary from the Association's staff. All information received will be treated as confidential by the Audit & Risk Sub Committee members.

4.3 The Audit & Risk Sub Committee is responsible for;

- Advising the Management committee whether an appropriate system of accounting and internal control exists and for making recommendations for its improvement. In this, it will be advised by external and internal auditors and the Finance Manager.
- Recommending whether the Management Committee should accept the external auditor's annual report on the effectiveness and efficiency of the Associations system of accounting and internal financial control.
- Recommending whether the Management Committee should accept the internal financial control statement for inclusion in the annual report and financial statement of the Association.

## **5. STAFF RESPONSIBILITIES**

5.1 The Chief Executive Officer is responsible to the Management Committee for the promotion of the Association and for co-ordinating the activities of Line Managers. The Chief Executive Officer is also responsible for the implementation of policy and procedural decisions taken by the Management Committee. The Chief Executive Officer reports to the Management Committee.

5.2 All Line Managers are responsible for the accountability and control of staff members within their section and for the security and control of all assets, cash and materials relating to that responsibility. Line Managers report to the Chief Executive Officer.

5.3 The responsibilities and duties of all staff members shall be contained within a suitable job description. The responsibilities and duties of any agents shall be contained within the relevant agreement.

## **6. ACCOUNTING**

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

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

- 6.3 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.
- 6.4 All accounting policies of the Association shall be contained within the annual financial statements and shall be reviewed annually.

## **7. AUDIT REQUIREMENTS**

### **External Audit**

- 7.1 External auditors will be appointed at each AGM, following a recommendation by the Management Committee and in line with the Association's rules and current statutory policy.
- 7.2 Auditors will be appointed following a tendering process and in accordance with good practice the Association shall review its external auditors every 5 years unless the service level dictates otherwise. The appointment of the external auditor may be extended to 7 years with the approval of the Audit & Risk Sub Committee.
- 7.3 The role of the external auditors must be clearly detailed in the engagement letter provided by the external auditor and shall be reviewed every 3 years in accordance with good practice.
- 7.4 Preparation of the financial statements shall be undertaken by the Association's Finance Manager. A year end timetable will be agreed with the external auditor prior to commencement of the year end statutory audit. The financial statements must be in the required format and must contain the report from the external auditor. In addition it must contain a report from the Management Committee together with a separate Management Committee report on the systems of internal financial control.
- 7.5 Draft audited financial statements will be presented to the Management Committee for approval at an appropriate meeting. Final audited accounts will be laid before the Annual General Meeting to be held no later than 6 months after the end of the financial year.
- 7.6 Final audited and signed accounts will be submitted to the Scottish Housing Regulator, lenders, the Office of the Scottish Charities Regulator and to the Financial Conduct Authority within the required timescales following the end of the financial year end.

- 7.7 A copy of the auditor's management letter and the management committee's response to the management letter will also be submitted to the Scottish Housing Regulator within the required timescales.

### **Internal Audit**

- 7.8 Internal auditors will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures, including an annual review of adherence to the Internal Financial Control Policy and Financial procedures.
- 7.9 Internal auditors will be appointed following a tendering process and will be appointed for a maximum of five years (subject to an annual renewal of the appointment).
- 7.10 A rolling programme for internal audit shall be agreed by the Audit & Risk Sub Committee based on risk assessments. The setting of the internal audit programme shall take account of concerns or recommendations from the Chief Executive Officer.
- 7.11 The Audit & Risk Sub Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions with set timescales.
- 7.12 The internal auditor shall have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the internal auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Audit & Risk Sub Committee as soon as it is practical.
- 7.13 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures.
- 7.14 The internal auditor may assist in the protection of the assets of the Association by carrying out regular reviews of operations in order to detect system weakness, inefficiencies, fraud, misappropriation and losses due to waste or maladministration.
- 7.15 The internal auditor will also monitor compliance with the Association's financial policy and procedures.

## **8. FRAUD AND OTHER FINANCIAL IRREGULARITIES**

- 8.1 The primary responsibility for the prevention and detection of fraud and errors rests with the Management Committee.
- 8.2 To assist in discharging its responsibilities in this area the Management Committee should receive reports from the internal auditor on all cases of actual or attempted fraud or bribery and consider whether internal controls require to be reviewed.
- 8.3 The Association will encourage any staff member to report any irregularities to the Chief Executive Officer or Chairperson of the Management Committee as outlined in the Association's Whistleblowing policy.
- 8.4 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 a member of the management team.
- 8.5 The management team member shall escalate any report to the Chief Executive Officer who will alert the Chairperson. In relevant circumstances all staff may escalate any report directly to the Chief Executive Officer or any office bearer.
- 8.6 The Chief Executive Officer or Chairperson will report any issue involving irregularities in the Association's activities to the Management Committee and to SHR, if required, as a notifiable event in line with SHR guidance.
- 8.7 The report will be investigated thoroughly by one or more of the Management Team. The internal auditor or other external specialist resource may be requested to assist in the investigation. Involvement of Police Scotland shall be decided upon by the Chief Executive Officer/Chairperson.
- 8.8 The Association will maintain a register of all incidents of actual or attempted fraud or bribery. The register will be annually reviewed by the Management Committee and signed by the Chairperson. It will be open at all times to SHR and to the internal and external auditors.

## **9. BUSINESS PLANNING**

- 9.1 The Chief Executive Officer is responsible for the preparation of the business plan on behalf of the Association. The Management Committee is ultimately responsible for the governance and direction of the Association and it is recognised that the business plan should represent a joint understanding of what the Association wants to achieve, the choices available and the key risks faced by the Association.

9.2 The content of the business plan shall include the seven main components for business plan inclusion identified by the Scottish Housing Regulator-

- Strategic objectives
- Risk assessment
- Operational targets
- Environmental analysis
- Asset management and housing stock plans
- Financial forecasts
- Scenario planning

9.3 A detailed plan shall be produced every 3 years (including a comprehensive review of the strategic direction of the Association) with limited updates taking place annually.

9.4 The Chief Executive Officer shall produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.

9.5 Progress with operational plans will be reported to Management Committee on a quarterly basis.

9.6 The Association shall take account of the SHR document on Recommended Practice-Business Planning produced in December 2015, and any further guidance issued by SHR, in its business planning process.

## **10. APPROACH TO FINANCIAL FORECASTING**

10.1 The Finance Manager, with input from the management team, is responsible for long term financial planning on behalf of the Association.

10.2 Long term financial forecasts shall be prepared in accordance with timescales noted at clause 10.4. Input on assumptions from lenders and suitably qualified external advisors will be sought when preparing the forecasts.

10.3 The Association will prepare and submit 5 year financial projections to SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Management Committee, all in accordance with existing guidance from SHR. A copy of this information shall be submitted to lenders and external auditors on request.

10.4 The content of the financial forecasts shall include the following information as a minimum:

- Details of main assumptions employed and source
- Statement of Comprehensive Income for 30 years
- Statement of Financial Position for 30 years
- Key performance indicators data will be developed and introduced
- Covenant compliance schedules
- Appropriate sensitivity analysis
- Supporting narrative to confirm an overview of the projected outturns, any areas for further consideration, any areas of concern and any actions required that flow from production of the final information.

10.5 While the overall responsibility for this information lies with Finance it is essential that an appropriate level of input from all Management Team is accounted for within the long term financial plans. In particular, the areas of rent levels, rent increases, maintenance costs, staffing levels and costs and future development activity require agreed input.

10.6 Given the impact that inflation and interest rates may have on the expected financial position, the Finance Manager shall seek information from lenders/other appropriate advisers regarding future expected rates for these areas. In addition any real cost increase assumptions should take account of lender/other advisor advice.

10.7 The Finance Manager shall produce an annual timetable to accompany the financial forecasting process and this shall take account of

- Provision of, review and agreement on future maintenance plans
- Provision of, review and agreement on rental, staffing and development assumptions
- Production of draft projections
- Management team discussion, review and agreement of draft projections
- Reporting to Management Committee
- Provision of information to external parties
- Feedback to Management Committee from external parties

10.8 The importance of financial forecasting in relation to the Association's overall business planning process is recognised and timetables applicable to both processes require to be carefully aligned.

## **11. FINANCIAL PLANNING AND BUDGETING**

11.1 An annual budget must be approved by the Management Committee of the Association prior to the start of the financial year to which it relates. The setting of the annual budget forms part of the annual business planning cycle and will reflect the Association's current business plan, operational plans and longer term financial forecasts.

11.2 This annual budget will comprise of:

- A clear statement of main assumptions and sources of information underlying the budget.
- Projected Statement of Comprehensive Income.
- Projected Statement of Financial Position.
- Projected Cash Flow Statement.
- Detailed capital budgets for all projects.
- Monthly cash flow projections.
- Cost allocation information.
- Loan covenant compliance performance.
- Any summary narrative commentary necessary for a clear understanding of the budget.

11.3 The budget will be prepared by the Finance Manager each year. The Finance Manager will put in place a timetable which will take account of:

- Provision of budget planning information from budget holders.
- Review of planned, cyclical and major repairs to be undertaken in line with the 30 year assumptions.
- Submission of draft budget to the management team for review and approval.
- Final approval of the budget by the Management Committee.

## **Budgetary Control**

- 11.4 Once approved, the budget shall be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, the Scheme of Delegation and any specific exemptions agreed with the Management Committee. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved by the Management Committee.
- 11.5 It is the responsibility of all budgets holders to control their budgets. Budgetary control will be assisted by the production of regular management reports to budget holders comparing actual income and expenditure against budget.
- 11.6 On a monthly basis the full Management Team will meet to discuss actual income and expenditure against budget. Appropriate action will be discussed and agreed for any variances from budget.
- 11.7 On a quarterly basis the Association shall prepare Management Accounts which shall compare actual results to date with the estimates contained within the budget. Material variances must be clearly explained within the narrative supporting the Management Accounts. Explanations of material variances will be sought from budget holders during the preparation of the management accounts where necessary. Covenant compliance will form a part of the management accounts. A copy of the quarterly management accounts will be sent to the Association's lenders in accordance with the covenants within the loan agreement.
- 11.8 In emergency situations, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of the Office Bearers. Any such expenditure must be reported to the next meeting of the Management Committee for retrospective approval.
- 11.9 Where expenditure in excess of the budget is required, authorisation must be sought from the Management Committee for any expenditure greater than £15,000, unless the previous paragraph applies.
- 11.10 Management Team should ensure that when reports are issued to the Management Committee, the financial implications of any course of action should be fully detailed. The Finance Manager/Chief Executive Officer should be consulted prior to any report that has material financial implications going to the Management Committee.

## **12. BANKING AND CASH CONTROLS**

- 12.1 Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.
- 12.2 Management Committee will approve the opening or closing of any bank or deposit accounts.
- 12.3 Procedures for the receipt of funds are detailed in the Association's Financial procedures.
- 12.4 Petty cash procedures are detailed in the Association's Financial procedures.
- 12.5 All bank accounts must be reconciled to the relevant books of account by the Finance Assistant on a monthly basis. These reconciliations shall be reviewed and certified as accurate by the Finance Manager.
- 12.6 The Finance Assistant shall make arrangements for the safe custody of all banking documents including cheques.
- 12.7 Staff will accept payments from tenants both inside and outside the Association's office premises using on line technology subject to appropriate controls being put in place and adequate risk assessments being performed.

## **13. DEBTORS CONTROLS**

- 13.1 The Association acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.
- 13.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 13.3 Rental income payments are the main source of revenue income for the Association and operational procedures shall be reviewed regularly in order to monitor their effectiveness. A report on rental information shall be prepared by the Depute Chief Executive and submitted to the Management Committee at least every quarter.
- 13.4 All other sums due and outstanding to the Association shall be summarised within the quarterly management accounts. Such sums shall include; factoring arrears, insurance claims outstanding and rechargeable repairs.

13.5 Procedures relating to rents, factoring and other income generating areas shall incorporate information on debtor control including the basis for monitoring and reporting sums due.

13.6 Bad Debts will be written off in accordance with the Bad Debt Policy.

13.7 Responsibility for Debtors control within the Association is as follows: -

- (i) Rent Arrears – Depute Chief Executive
- (ii) Factoring Arrears – Technical Services Manager
- (iii) Insurance Claims outstanding – Technical Services Manager
- (iv) Rechargeable Repairs – Technical Services Manager
- (v) All other sums due – Finance Manager

#### **14. ASSET CONTROLS**

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

14.2 The Association shall undertake quarterly reviews of the register to verify continued ownership and existence of these fixed assets.

14.3 Equipment Maintenance contracts and leasing contracts shall be entered into for such fixed assets as appropriate and a separate register shall be held by the Association. Details to be inserted on these registers include; service provider, start date, termination date, and asset being maintained/leased and cost. This register shall be updated on a quarterly basis and may be held in an electronic format.

14.4 Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported to Committee.

14.5 The Finance Manager will maintain a Component Accounting spreadsheet. This holds records of all housing assets by phase, split into relevant components. Component and property replacements and disposals, along with depreciation charges of housing property assets shall be updated on the component accounting spreadsheet in a timely manner.

## **15. CONTRACTS AND TENDERING**

- 15.1 All works, goods and services will be procured in accordance with the terms of the Association's Procurement Policy. All contracts entered into by the Association require authorisation and signature in accordance with the Register of Undertakings.
- 15.2 Any material variations to contracts, defined as cumulative sums amounting to £15,000 require the approval of the Management Committee.
- 15.3 Where it is anticipated that the contract sum of works identified or contract required is likely to exceed £15,000, the Tendering Procedure must be followed.
- 15.4 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, records will be kept detailing the position of accounts on each contract, together with any other payments and the related professional fees.
- 15.5 Payment to contractors, whether on account or the final account, shall be made in accordance with the financial procedures.
- 15.6 The Management Committee shall be provided with quarterly updates on the progress of all major contracts, including a summary of the position of accounts on each contract.

### **ANNUAL MAINTENANCE PROGRAMME**

- 15.7 As part of the financial planning process, the Technical Services Manager, with appropriate support, will prepare an annual maintenance and improvement programme. This will itemise the works to be carried out in the next Financial Year, analysed between reactive and planned maintenance.
- 15.8 Approval of the budget by the Management Committee will constitute authority for the relevant staff to proceed with the work set out in the annual maintenance and improvement programme in accordance with the requirements of section 15 Contracts & Tendering and section 28 Authorisation Levels.

## **NEW BUILD HOUSING DEVELOPMENT**

### **Site Investigation**

- 15.9 When a site is identified as having development potential, a detailed site investigation will be carried out, including an assessment of risks involved in developing the site. A report on the site investigation will be prepared for the Management Committee with recommendations on whether the development should proceed. No site will be developed without Management Committee approval.

### **Development Administration**

- 15.10 The Association will appoint suitably experienced staff/agents to assist in pursuing development opportunities and carry out development administration work. Should the Association directly employ its own specialist development staff, the responsibilities ascribed to the Chief Executive Officer would be taken over by those staff.

### **Scheme Agreement**

- 15.11 The Chief Executive Officer will be responsible for preparing a project proposal for submission to the Scottish Government. As part of this process, the Finance Manager/Finance Officer will prepare a full scheme and financial appraisal including a cash flow analysis and an estimate of rental income and private finance required. The Chief Executive Officer will carry out any necessary negotiations with the Scottish Government on the project proposal and will liaise with the Finance Manager/Finance Officer to agree the housing association grant (Affordable Housing Supply Program Grant Claims (AHSPG) target. The Management Committee must approve the project proposal.

### **Acquisition**

- 15.12 The acquisition of any land or property is subject to Management Committee approval. Once this approval is received, the Chief Executive Officer will prepare the HAG Acquisition claim, in liaison with the Finance Manager, and submit this to the Scottish Government two weeks in advance of the proposed settlement date. The Finance Manager/Finance Officer will be responsible for ensuring that the necessary monies are available at settlement.

### **Private Finance**

- 15.13 The Finance Manager will be responsible for ensuring that the necessary private finance is in place for any development project BEFORE contracts are committed to. Where appropriate, prospective lenders will be invited to tender and the tender procedures set out in the Procurement Policy will be followed. A report will be prepared for the Management Committee on the outcome of the tendering process recommending the proposal that represents best value for money. This assessment will take account of factors such as arrangement fees, loan margin and other costs.

## **Tender Stage**

- 15.14 Tenders for development projects will be invited in line with the procedures set out in the Procurement Policy. The tender procedures will be followed and a report produced for the Management Committee recommending the appointment of consultants and/or contractors.

## **Progress Monitoring Reports**

- 15.15 Once the development project is on site, the Chief Executive Officers will provide progress reports to each Management Committee meeting until full completion. The Finance Manager/Finance Officer will ensure that details of the reported financial position are reflected in the quarterly management accounts.

## **Invoices and Payment Certificates**

- 15.16 All invoices and payment certificates relevant to the development project will be properly checked by the Chief Executive Officer and authorised for payment by the Maintenance Officer. The Finance Officer will arrange payment in line with the Association's payment procedures set out in section 28 Authorisation Levels.

## **Affordable Housing Supply Program Grant Claims (AHSPG)**

- 15.17 The Chief Executive Officer will submit claims for Affordable Housing Supply Program Grant Claims (AHSPG) in line with the scheme and programme agreements. The Chief Executive Officer will prepare all claims and these must also be signed and submitted by an authorised signatory of the Association.

## 16. BOOKS, REGISTERS AND COMPUTER DATA

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

<b>Books and Registers</b>	<b>Responsible Staff Member</b>
(a) Petty Cash Book	Finance Manager
(b) Nominal Ledger	Finance Manager
(c) Fixed Assets Register	Finance Manager
(d) Register of Disposals	Chief Executive Officer
(e) Register of Frauds and Bribery	Chief Executive Officer
(f) Register of Payments and Benefits	Chief Executive Officer
(g) Register of Interests	Chief Executive Officer
(h) Register of Members	Chief Executive Officer
(i) Register of Gifts & Hospitality	Chief Executive Officer
(j) Complaints register	Depute Chief Executive
(k) Tender Register/Receipt Book	Management Team
(l) Seal Register	Chief Executive Officer
(m) Rent Ledger	Depute Chief Executive
(n) Office Bearers Register	Chief Executive Officer

16.2 Responsible staff member refers to individual having responsibility for maintenance of and administration relating to each register. Day to day administration of each register may be delegated to an appropriate member of staff.

16.3 All such books and registers together with other relevant papers or information may, where appropriate, be kept in an electronic format and must be securely stored when not in use.

16.4 All information held on computer must be backed up on a daily basis and taken off site. It is the responsibility of the Corporate Services Assistant to ensure that this task is undertaken.

16.5 Access to computer systems must be restricted by the appropriate use of passwords and restricted access areas on the Associations server.

16.6 The Association's I.T. co-ordinator is the Chief Executive Officer.

## 17. SECURITY

17.1 Each Line Manager is responsible for maintaining proper and adequate security at all times for furniture, equipment, cash and other assets under their control. The Chief Executive Officer is responsible for overall security and any risks to the Association must be notified to the Chief Executive Officer immediately.

17.2 [Redacted] [Policy detail redacted to protect office security.]

17.3 The Corporate Services Assistants have day to day responsibility for petty cash payments. The Finance Assistant will reconcile petty cash on a monthly basis.

17.4 [Redacted] [Policy detail redacted to protect office security.]

17.5 [Redacted] [Policy detail redacted to protect office security.]

17.6 The loss of office, property or petty cash keys must be notified to the Chief Executive Officer immediately.

17.7 Online security is the responsibility of the Chief Executive Officer.

## 18. INSURANCES

18.1 The Association's Finance Manager shall affect all insurance cover on behalf of the Association subject to the management team confirming cover requirements.

18.2 All Line Managers of the Association shall advise the Finance Manager in writing of events likely to result in a change to the Association's insurance requirements.

18.3 The Finance Manager, in consultation with the management team, shall review all insurances during the year and report to the Management Committee thereon.

- 18.4 The submission of all property/tenant related insurance claims is the responsibility of the Technical Services Manager.
- 18.5 The submission of all other insurance claims is the responsibility of the Finance Manager.
- 18.6 The Employer's Liability Insurance Certificate will be displayed in a prominent place where staff can easily access it. It may be displayed electronically as long as all employees are told how they can easily access the certificate.

## **19. RISK MANAGEMENT**

- 19.1 The Association's approach to managing risk is detailed within the Risk Management Policy and Strategy.
- 19.2 The Chief Executive Officer will provide a quarterly report to the Management Committee regarding progress to mitigate the corporate risks to the Association.

## **20. VALUE FOR MONEY**

- 20.1 The Association shall seek to obtain value for money in terms of its fixed asset investments, its contractual commitments and in its day-to-day operational activities.
- 20.2 The selection of an appropriate method of procurement, the use of tendering procedures, the selection of appropriate financing options, a balancing of quality and cost or other appropriate cost benefit analysis shall be undertaken by the Association in its decision making process.
- 20.3 The Association's Management Committee shall monitor the effectiveness of value for money achieved by the Association as detailed within the Corporate Procurement Policy.

## **21. TREASURY MANAGEMENT**

- 21.1 All investment of funds or arrangements for seeking and managing private finance shall be undertaken in accordance with the Association's Treasury Management Policy.
- 21.2 Day to day operation of the policy will be delegated to the Chief Executive Officer and Finance Manager, subject to any exceptions as set out in the Treasury Management Policy.

- 21.3 The Finance Manager will report to the Management Committee on borrowing and investments on an annual basis, or more frequently if required, as specified in the Treasury Management Policy.

## **22. PAYROLL AND PENSIONS**

- 22.1 In recruiting for newly created or vacant posts the Association will ensure that it complies with legislative requirements and demonstrates best practice as an employer in relation to employment rights and equal opportunities in line with the Association's Recruitment & Selection Policy & Procedure.
- 22.2 The Association is a member of Employers in Voluntary Housing (EVH). EVH operate a common job-grading system and salary structure. For each job grade, there are a series of spinal points giving specific salary amounts. On 1 April each year, any employee who has served at least six months in their current grade will automatically receive a salary increment, by moving up one spinal point until reaching the top within that job grade.
- 22.3 Annual salary increases will be in line with those published in the EVH Salary Scale.
- 22.4 Salary payments will be processed by the Finance Assistant in line with the Association's Financial procedures.
- 22.5 All payments and returns to HMRC will be processed by the Finance Assistant in line with the Association's Financial procedures.
- 22.6 All permanent staff will be automatically enrolled in the Scottish Housing Associations Pension Scheme (SHAPS) defined contribution scheme.
- 22.7 All payments to SHAPS will be processed by the Finance Assistant in line with the Association's Financial procedures.

## **23. TRAVEL, SUBSISTENCE & OTHER ALLOWANCES**

- 23.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Association's policies and procedures on Committee Members' and Staff Expenses.

## **24. GIFTS, HOSPITALITY & INTERESTS**

- 24.1 The giving and receiving of gifts and hospitality shall be in accordance with the Entitlements, Payments and Benefits Policy.

24.2 All Committee members and staff shall ensure that they declare any interest with regards to any aspect of the Association's activities as required by the Association's rules and regulatory requirements.

## **25. DONATIONS**

25.1 The Association's approach to donations is detailed within the Entitlements, Payments and Benefits Policy.

## **26. BENCHMARKING AND PERFORMANCE ANALYSIS**

26.1 The Association's Chief Executive Officer shall ensure that reports will be submitted to the Management Committee on the following areas: -

- Analysis of Business Plan targets achieved
- Comparison of results with SHR published ratios and statistics
- Comparison of results with Association's annual budget
- Comparison of actual and estimated loan covenant results.
- Annual Return on the Charter (ARC)

The Association's Management Committee may consider issues arising from the above in greater detail.

26.2 All departmental heads are responsible for the provision of information attaching to their department in line with an agreed timetable confirmed by the Chief Executive Officer and included within operational plans. Section Heads when providing relevant data or statistics summaries shall email the detailed calculations or file attachments that represent the source of the summary data or statistics provided.

## **27. GENERAL DATA PROTECTION REGULATIONS**

The organisation will treat personal data in line with our obligations under the current data protection regulations and our own Internal Financial Control Policy and Procedures. Information regarding how data will be used and the basis for processing data is provided in Clydesdale Housing Association's Privacy Policy.

## 28. EXPENDITURE AUTHORISATIONS

28.1 The Management Committee approve budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets. In addition, staff have authority to spend within agreed Scottish Government, local Council or other relevant authority's approvals on development and capital expenditure.

28.2 There are three levels of procedures involved in authorising expenditure.

- a) taking on the commitment to spend
- b) certification that the expenditure is arithmetically correct
- c) approving the invoice after goods or services received

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

28.3 Approval of Commitment to Spend

(i) Capital Expenditure (excluding spend on properties, including IT, furniture & fittings)

a)	All costs within budget	Finance Manager
b)	Spend outwith budget - up to £15,000	Chief Executive Officer
c)	Spend outwith budget - greater than £15,000	Management Committee
d)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(ii) Capital Expenditure (properties including capitalised property maintenance expenditure)

a)	Purchase of a property	Management Committee
b)	Consultants Fees/Works Costs within approved contract sums on development projects	Chief Executive Officer
c)	Consultants Fees/Works Costs within approved contract sums on capitalised property maintenance projects	Technical Services Manager
d)	Consultants Fees/Works Costs outwith approved contract sums on development projects - up to £15,000	Chief Executive Officer
e)	Consultants Fees/Works Costs outwith approved contract sums on capitalised property maintenance projects - up to £15,000	Technical Services Manager
f)	Spend outwith budget - greater than £15,000	Management Committee
g)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(iii) Staff Appointments, Salaries & Staff Costs

a)	All staff appointments	Management Committee
b)	Salary Reviews	Management Committee
c)	Staff Expenses	Line Manager
d)	Committee Expenses	Chairperson
e)	Chief Executive Officer Expenses	Chairperson
f)	Overtime	Line Manager & Chief Executive Officer
g)	Spend outwith budget - up to £15,000	Chief Executive Officer
h)	Spend outwith budget - greater than £15,000	Management Committee
i)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(iv) Property Management Costs (capital and revenue expenditure)

a)	Repairs & Maintenance up to £500	Technical Services Assistant Corporate Services Assistant
b)	Repairs & Maintenance up to £2,500	Technical Services Officer
c)	Repairs & Maintenance - spend within budget	Technical Services Manager
d)	Repairs & Maintenance spend outwith budget - up to £15,000	Technical Services Manager
e)	Repairs & Maintenance spend outwith budget - greater than £15,000	Management Committee
f)	Consultants Fees/Works Costs within approved contract sums on non-capitalised property maintenance projects	Technical Services Manager
g)	Consultants Fees/Works Costs outwith approved contract sums on non-capitalised property maintenance projects – up to £15,000	Technical Services Manager
h)	Consultants Fees/Works Costs outwith approved contract sums on non-capitalised property maintenance projects – greater than £15,000	Management Committee
i)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(v) Office Administration & Other General Expenses

a)	All costs within budget	Budget Holder
b)	Spend outwith budget - up to £15,000	Chief Executive Officer
c)	Spend outwith budget - greater than £15,000	Management Committee
d)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(vi) Housing Management

a)	Legal fees & sheriff officers up to £500	Housing Officer
b)	All costs within budget	Depute Chief Executive
c)	Spend outwith budget - up to £15,000	Depute Chief Executive
d)	Spend outwith budget - greater than £15,000	Management Committee
e)	Emergency spend greater than £15,000	Office Bearers - reported to the next Management Committee meeting for retrospective approval

(vii) Delegated Authority

<b>In the absence of the:</b>	<b>Authority delegated to:</b>
Chief Executive Officer	Depute Chief Executive
Depute Chief Executive	Chief Executive Officer
Finance Manager	Chief Executive Officer

Technical Services Manager	Chief Executive Officer
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## **29. AUTHORISED SIGNATORIES**

29.1 Details of the Association's authorised signatories are contained within the detailed financial procedures.

## **30. BUDGET HOLDERS**

30.1 Details of the Association's Budget Holders are contained within the detailed financial procedures.

## **31. AMENDMENT OF INTERNAL FINANCIAL CONTROL POLICY**

### **Authority to amend the Internal Financial Control Policy**

31.1 Only the Committee has authority to make changes in the Association's Internal Financial Control Policy.

### **Reasons for Change**

31.2 Amendments to the Internal Financial Control Policy may be required for the following reasons:

- Changes in statute, regulatory guidance, rules, standing orders, or delegated authorities which contradict or otherwise require a change in the Internal Financial Control Policy
- Recommendations from Internal or External Auditors
- Operational experience of the Association.

### **Source of Amendment**

31.3 Amendments to the Internal Financial Control Policy may be proposed to Committee by:

- A Committee Member
- The Chief Executive Officer
- The Finance Manager

31.4 Committee members must receive a report clearly articulating the proposed change(s) and why the changes are being sought.

31.5 Amendments to the Internal Financial Control Policy are subject to the usual Committee voting procedures as set out in the Standing Orders. Any

amendments approved have immediate effect unless the Committee resolves otherwise.

Organisation Chart

Chief Executive

Depute Chief Executive

Technical Services Manager

Finance Manager (P/T)

Technical Inspector (P/T)

Technical Services Officer

Housing Officer (P/T)

Housing Officer

Housing Officer

Housing Officer

Finance Assistant (P/T)

Technical Services Assistant

Corporate Services Assistant

Customer Services Assistant (P/T)

