



Financial Procedures

F.02

Reviewed

November 2023

Date next due for review:

November 2026

This policy document can be produced in various formats, for instance, in larger print or audio-format; and it can also be translated into other languages, as appropriate.

Our equalities and diversity policy statement describes our key equality commitments that we use to develop all organisational services; this includes employment services and services to tenants and other customers.

Rutherglen and Cambuslang Housing Association, Aspire Business Centre, 16 Farmeloan Road, Rutherglen, South Lanarkshire, G73 1DL. Tel: 0141 647 4917. Email: info@randcha.co.uk. Website: www.randcha.co.uk.

The Scottish Housing Regulator Reg. No: HAC176; Registered Scottish Charity No: SC041992; FCA Reg. No: 2029R(S); Property Factor Reg. No: PF000345.

Linkage to Business Plan/Regulatory Standards Compliance

Business Plan:

Section 2 – Key Performance Indicators and Internal Audit

Section 5 – Vision and Strategic Objectives

Section 6 – Risk Management

Section 8 – 30 Year Financial Projections and Budget

Regulatory Standards:

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

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

Risk and Financial Implications

Robust financial control and management are essential to protect the Association's assets and allow continuity of service to its tenants.

Failure to have a suitable system of internal controls as well as adhering to regulatory and legal obligations, could lead to regulatory intervention, covenant default with lenders, and major reputational and financial loss.

Terms of Reference

- Charities Statement of Recommended Practice (SORP) FRS102;
- Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management;
- Scottish Federation of Housing Associations (SFHA) Internal Audit Guidance;
- Internal Audit Reports;
- Business Plan;
- SFHA Charitable Model Rules; and
- The Co-operative and Community Benefit Societies Act 2014.

Contents

1. Introduction
2. Budget Process
3. Tendering Procedure
4. Loan Agreement Compliance
5. Receipt of Monies
6. Invoices/Orders
7. General Ledger
8. Report & Financial Statements
9. BACS/Cheque Payments
10. Credit Card
11. Petty Cash
12. Salaries/Expenses
13. Committee Expenses
14. Maintenance/Repairs/Renewals
15. Factoring
16. Re-chargeable Repairs
17. Insurance Claims
18. Homestake and Shared Equity
19. Component Accounting
20. Procedure review

1. INTRODUCTION

- 1.1 In order to facilitate the efficient and effective operation of the Association in matters relating to finance and to minimise risk in accordance with our Risk Management Policy, a series of financial controls have been established. This is also to ensure compliance with the Scottish Housing Regulator ('SHR') Regulatory Standards of Governance and Financial Management.
- 1.2 These procedures sit below the Association's Financial Regulations. They incorporate basic elements of financial control that exist in most organisations, as well as those which may be applicable to this particular Association.
- 1.3 It is in the interests of the organisation that these controls are made known and are adhered to by both staff and Committee members. All members of staff and Committee will be made aware of these controls and must comply with the same. Awareness of these controls will form part of the induction for new staff and Committee members.
- 1.4 These procedures shall be reviewed and updated as necessary on a triennial basis by the Finance Agent/Manager in conjunction with the Director and approved by the Finance, Audit and Risk Sub-committee.
- 1.5 The Association must ensure that, where records of a financial nature are kept outwith the Finance Team, consultation is held with the Finance Agent/Manager and an agreement reached that ensures the manner in which records are kept is appropriate for audit purposes.
- 1.6 In addition, consultation with the Finance Agent/Manager must take place for all transactions which have (or may have) a material financial effect, including any maintenance, purchase or leasing agreements.
- 1.7 It is essential that the Director and Finance Agent/Manager be notified immediately of any event that has, or may have, material financial implications for the Association.
- 1.8 Any monetary sums referred to in the Financial Procedures (and Regulations) are exclusive of VAT.
- 1.9 These procedures together with the Financial Regulations form part of the overall system of financial and management control and take account of the Scottish Housing Regulator (SHR) Standards of Governance and Financial Management.
- 1.10 In the event of failure to follow agreed Procedures, action may be taken against the offending individual(s) under the Association's Code of Conduct, Disciplinary Procedures or any other relevant policy.

2. BUDGET PROCESS

- 2.1 In setting the budget of the Association annually, a budget statement should be prepared to detail the rationale and workings behind the budget. This will be retained by the Finance Agent/Manager and used throughout the year to support effective budgetary control. The value of the budget and detailed review of the quarterly management accounts by all budget holders as a management tool should be recognised and under no circumstances should the organisation be operating without regular and critical review of its financial performance against its approved budget.

- 2.2 In preparing the budget, appropriate consultation and discussion with all sections of the organisation must take place and guidance from the Scottish Housing Regulator must be recognised and considered.
- 2.3 The budget setting process must allow adequate input from all sections within the Association. The Finance Agent/Manager shall issue a formal and detailed budget information request in September of each financial year to budget holders. The Director has responsibility for ensuring the supply of information by all budget holders to the Finance Agent/Manager within agreed timescales.
- 2.4 Budget holders have been determined across the Association and are responsible for providing detailed information to inform the annual setting of budgets. They are also responsible for monitoring actual income and expenditure against their allocated budget and providing detailed information to the Finance Team with regards to any variances.
- 2.5 The Finance, Audit and Risk Sub-committee shall consider a draft budget for the coming financial year in November of each year that will include the indicative annual rent increase proposal that will be the basis of consultation with tenants. The Management Committee will approve the final budget in February of each year. The final budget document approved for the year must contain the appropriate supporting narrative, including details of main assumptions employed, material changes from the previous year, appropriate ratio analysis, covenant compliance review and detailed cash flow projections.
- 2.6 To assist the process of cost allocation within the Association, all staff members may be required to complete time allocation sheets from time to time as required by the Finance Agent/Manager.
- 2.7 On final approval of the annual budget, a copy shall be sent to external auditors and all lenders who require this.
- 2.8 Management Accounts shall be issued quarterly to budget holders. Budget holders are expected to formally explain variances to the Finance Agent/Manager to allow the preparation of the detailed quarterly management accounts and related Finance, Audit and Risk Sub-committee report.
- 2.9 All budget holders should be aware of the budgets within their control and should have in place effective tools for managing their budgets throughout the year. Any requirements to exceed a budget should be drawn to the attention of the Director and the Finance Agent/Manager immediately and a report will be submitted to the Finance, Audit and Risk Sub-committee for approval.
- 2.10 Management accounts will be prepared on a quarterly basis and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to the Finance, Audit and Risk Sub-committee with the covering report issued within the management accounts on a quarterly basis. The level of variance considered to be material will be decided by the Finance, Audit and Risk Sub-committee, subject to annual review and approval by the Finance, Audit and Risk Sub-committee.
- 2.11 The quarterly management accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of

the Association at the year-end. In the event of a material adverse change in expected outcomes, a revised annual budget may be required to be prepared.

- 2.12 The following process and timetable will be observed by the Finance Agent/Manager to produce the approved annual budget of the Association:

Task	Owner	Timeline
Budget information request issued to budget holders	Finance Agent/Manager	September
Budget information provided to Finance Agent/Manager	Finance Agent/Manager	October
Draft budget submitted to Director for review and budget holders meet with Finance Agent/Manager to discuss draft budget	Finance Agent/Manager	November
Consider and approve draft budget for consultation	Finance, Audit and Risk Sub-committee	November
Tenant Consultation on rent increase proposed in draft budget	Housing Services Manager	December/January
Final Budget updated to reflect any changes and rent increase decision and formal approval	Management Committee	February

3. TENDERING PROCEDURE

- 3.1 The Association's approach to tendering will follow procurement good practice guidelines and recommendations.

Tendering Procedure

- 3.2 Where tendering is required, tenders will all be returned to the Association by a specified date and time to reduce the risk of collusion taking place. The only exception to this is where partnership working is taking place and the tenders are returned to the organisation leading the process.
- 3.3 All tenders will be received unopened and recorded with the date and time of receipt. They should then be held in a secure place until the agreed tender opening. All hand delivered tenders will be issued with a receipt acknowledging that the tender has been received within the agreed timescale.
- 3.4 Tenders received late will only be opened at the discretion of the tender opening meeting. They may consider this where insufficient tenders have been returned or the tender was received within a short time after the closing time but prior to the tender opening taking place. Tenders received after the tender opening process has taken place should be returned to the tenderer, unopened if possible.
- 3.5 Tender returns should be timed to take place at the date and time of a pre-arranged tender meeting, as close to the tender return date and time as possible. The tender opening must involve a minimum of 3 people to open and record the tender returns.

Where consultants have been used to prepare tender documentation, they should be part of the tender opening process and be in attendance at the tender opening meeting. The tender opening meeting should comprise of the following people:

- Tender consultant, where one is being used;
- Manager of the department that is progressing the tender (or Director in their absence);
- Another member of staff; and
- A further additional member of staff where a consultant is not being used.

- 3.6 Where full tendering procedures have taken place but the work is likely to fall within that for quotations (below £15,000), the tender should be recorded in the tender register as normal, however 2 staff members may open the tenders. This would normally be a Senior Manager and the staff member in charge of that particular procurement exercise.
- 3.7 All tender openings will be recorded in the Association's tender register. This will contain the following information:
- Details of the tender
 - Date and time of opening
 - Names of those present
 - Names of contractors issued with tender documents
 - Names and prices of tenders received
 - Details of outcome – report to Committee and award.

Tender Acceptance Process

- 3.8 It will be a condition of all quotations and tenders that the price will remain open for a period of 3 calendar months (or 90 days) for acceptance.
- 3.9 The lowest 3 tenders will be checked for arithmetical errors or omissions. Where errors have occurred, the contractor will be notified and asked to alter their submission accordingly and this will then be reassessed against the other tenders.
- 3.10 If the Association are unable to accept the tender prior to the expiry date, the company must be notified and asked to hold its price. If the company indicates that a price increase will be levied due to the delay, the Association must assess this against the price submitted by the other tenderers. If this alters the order of the tenders, the Association may approach the other contractors to compare their respective price increases (if any).
- 3.11 Once the Association is in a position to accept the successful tender, this will be done by a formal exchange of letters.
- 3.12 The Association will also provide feedback to all contractors tendering notifying them of the range of prices received and in the case of quality/price assessments details of the scores and prices.
- 3.13 Staff budget holders have the authority to award budgeted/approved contracts. However, they must be reported at the next available Management Committee meeting. This does not apply to certain core governance work tenders – see 3.15 below.
- 3.14 All unbudgeted purchases or contracts must be approved by the Management Committee prior to acceptance, unless in emergency circumstances which must be retrospectively reported at the next Management Committee meeting.

- 3.15 Tender acceptance for certain core governance work must be approved by the Management Committee prior to acceptance. This is intended to ensure openness and transparency in relevant matters and ensure Management Committee assurance of their control over appointments in these core areas:
- Internal auditor appointments;
 - External auditor appointments; and
 - Governance review appointments.

4. LOAN AGREEMENT COMPLIANCE

- 4.1 In order to ensure the proper monitoring of compliance with the terms of loan agreements with lenders, the Finance Agent/Manager must ensure that the following clauses and their contents are widely understood by both the Finance, Audit and Risk Sub-committee and senior staff and that processes are put in place to ensure adherence:
- Information
 - Covenants
 - Valuations
 - Default
- 4.2 The Finance Agent/Manager shall have responsibility for ensuring the monitoring and submission of financial information to the Director, and Finance, Audit and Risk Sub-committee including: budgets, quarterly management accounts, annual accounts, covenant monitoring, revisions of long-term projections and statutory returns.
- 4.3 All senior staff and Committee members of the Association have a duty of responsibility regarding full awareness and adherence to the terms of and conditions of all loan agreements with all lenders.

5. RECEIPT OF MONIES

- 5.1 The Finance Agent/Manager will ensure that appropriate processes are in place for the timely and accurate recording of all monies due to the Association through the raising of sales invoices. The Finance Assistant should generally raise these.
- 5.2 Credit notes should be initiated by an approved budget holder and authorised in line with the scheme of delegated authorities. The Finance Team should create no credit notes without authorisation being in place by the budget holder. The Finance Assistant shall create the credit note, which should be authorised by the relevant senior manager prior to issue.
- 5.3 Any cheques received together with the remittance vouchers should be passed to the Finance Assistant who should enter the details onto the appropriate ledger prior to banking. Amounts received should be matched to the corresponding sales invoice in a timely manner.
- 5.4 Payments of rent, deposits, rechargeable repairs and other sources of income at the office counter should always be issued a receipt. Such payments should only be in exceptional circumstances. When cash is received, the Administration Assistants (or in their absence the appropriate assistant or officer) will take the cash, after screening with the fraud detection security pen or device, enter the payment on SDM and provide the payee with a dated receipt generated from SDM which will detail the reason for payment

and be signed by both the staff member and customer.

- 5.5 All Housing and Reception staff are trained and authorised to accept electronic payments for rent. This requires to be done through the Association's Worldpay website, all trained staff have access to the central login for this website whereby a username and password are used to access the system. The Housing Services Manager is the system administrator, they are responsible for managing user access.
- 5.6 All Factoring and Reception staff are trained and authorised to accept electronic payments for factoring. This requires to be done through the Association's Allpay website, all trained staff have their own username, password and two-factor authentication to access the system. The Factoring Officer is the system administrator, they are responsible for managing user access.
- 5.7 All staff required to service the front office will be fully trained in the procedures for receipting payments received.
- 5.8 Once payment is taken, it is passed to the Finance Assistant who will check the monies received against the receipt and initial to confirm the payment amount. The payment will then be placed immediately in the cash bag. The Administration Assistant (or person covering) and Finance Assistant will reconcile and bank the monies in the cash bag on a weekly basis. The cash bag will be secured in the finance safe when not in use.
- 5.9 All cash received should be securely stored in the safe prior to banking.
- 5.10 Banking is performed by the Finance Assistant, or in their absence, the Corporate Services Manager or Director.
- 5.11 In line with the Association's Insurance Policy, no more than £3,000 in cash can be held in the safe outwith working hours. Funds should be monitored by the Finance Assistant to ensure this level is not breached. If a breach seems likely, then the Finance Assistant must arrange to bank the funds available, in line with insurance transit requirements as follows:
- | | |
|---------------|---------------------------|
| Up to £3,000 | 1 person |
| Up to £6,000 | 2 persons |
| Up to £12,000 | 3 persons |
| Over £12,000 | Approved security company |
- Prior to any cash being banked, the cash sum requires to be matched with the pay in book total, usually by the Finance Assistant.
- 5.12 Details of receipts will be written on the reverse of the bank pay-in slip stub.
- 5.13 The Finance Assistant, or in their absence the Corporate Services Manager or Director, will check that all monies received in the office have been banked appropriately in line with the insurance cover in place.
- 5.14 The Finance Agent/Manager must perform a secondary check. This should involve a check to confirm that the pay in book total matches sums lodged in the bank account as noted on the bank statements. Any discrepancies should be reported to the Director immediately.

5.15 Cash should not be left unattended. Once a cash payment has been received and checked, it must be placed immediately into the secured cash bag.

6. INVOICES/ORDERS

6.1 The Association shall operate a Purchase Ordering System (POS). The purchase order of all goods, non-maintenance services and other relevant items shall be made only after a completed purchase order request form has been completed and authorised by the relevant staff member.

6.2 The Finance Assistant shall process appropriately all authorised purchase requests, other than for repair/maintenance services and record details of the order (including date, supplier, an expected cost, nature of the purchase and staff member requesting the purchase) in the purchase order records.

6.3 Invoices are generally received electronically, checked for validity and arithmetical accuracy and logged onto the SDM purchase ledger invoice system in line with the invoice loading procedure by the Maintenance Assistant (or person covering) in the case of repair/maintenance services and the Finance Assistant (or person covering) in the case of all other invoices.

6.4 The invoice should then be assigned to the relevant staff members for approval and record updating, including dual authorisation for payment of the invoice. Works orders and delivery notes where applicable should be attached to the invoice. It shall then be assigned to the relevant budget holder for authorisation.

6.5 The budget holder for the particular item should authorise the invoice for payment on SDM (normally within one week of receipt by the Association). If incorrect, the person responsible should update the SDM invoice diary to record that they are querying the invoice. In all cases, full cost details will be entered on the SDM system and the invoice marked as on "hold" whilst the query is being investigated.

6.6 If the invoice is incorrect, a credit note should be obtained where possible and the original invoice total should not, normally, be amended on SDM to reflect the change in the amount due to the supplier. If a credit note is unavailable, an internal credit will be created, full details recorded against the invoice diary and the invoice amended appropriately – so as to ensure a full audit trail is maintained. A diary entry should be made on the invoice file by the authorising officer for future reference.

6.7 Posting details should be entered into SDM by the relevant staff member including which nominal ledger code it should be posted to e.g. day-to-day repairs, insurance or pre-tender costs and whether it is recoverable. The person responsible will check nominal codes and raise any queries prior to processing, although the responsibility for correct coding lies with the authorising budget holder.

6.8 Invoices will generally be batched and paid out on a fortnightly cycle. The SDM Bank Payment Analysis report will accompany the BACS listing and will be processed as per Section 9.

6.9 Only those with appropriate delegated authority as set out in the Financial Regulations have the authority to request purchase orders or issue maintenance orders, within their set thresholds.

- 6.10 All maintenance orders shall be supported by a works line issued on SDM. Invoices received in respect of repair related expenditure shall be checked against the maintenance order and be authorised and approved for payment in line with the Financial Regulations.
- 6.11 A list of approved suppliers is in place and shall be revised at least annually. Goods and services should be ordered from the approved suppliers wherever possible. Approval should be sought from the Director where a non-approved supplier is to be utilised.
- 6.12 Purchase invoices will be processed onto the purchase ledger in a timely manner. Prior to processing any purchase invoice, it will be reviewed for financial accuracy and application of the correct VAT rate. Each purchase invoice will be allocated a unique reference number, which is system generated by the SDM system.
- 6.13 The Senior Maintenance Officer or Director will review all invoices approved for payment by budget holders as required to ensure they are supported by an appropriately approved and goods matched purchase order and there are no discrepancies between the purchase order and the purchase invoice.
- 6.14 Where supplier statements are received, supplier statement reconciliations will be carried out on at least a monthly basis, along with an aged creditors listing to identify any overdue invoices.
- 6.15 On at least a monthly basis, the Maintenance Assistant shall review all unmatched or uninvoiced purchase orders and make enquiries of relevant staff as to the status of the order where they relate to repair/maintenance services while the Finance Assistant will perform these steps in the case of all other services.

7. GENERAL LEDGER

- 7.1 Required journals shall be regularly written up and posted in a timely manner by the Finance Assistant. These shall be verified by Finance Agent/Manager monthly.
- 7.2 The journal sheets are in place for each journal posted and evidence of, who prepared, reviewed and posted each journal should be noted on the journal document. Journal sheets are reviewed and approved by a member of the Finance Team and are supported by appropriate documentation.
- 7.3 Journal sheets and their supporting documentation shall be added to the SDM nominal ledger diary entry.
- 7.4 Cash book postings are made on a regular, at least monthly basis to reflect receipts and payments, including those paid via standing order and direct debit, and inter account bank transfers.
- 7.5 All bank accounts will be reconciled to the bank statements monthly.
- 7.6 Any suspense accounts shall be investigated and cleared in a timely manner on a quarterly basis.
- 7.7 Reconciliations will be carried out on all balance sheet accounts on at least a quarterly basis, although some key reconciliations will be performed monthly.

8. REPORT AND FINANCIAL STATEMENTS

- 8.1 At the end of each financial year, the following process and timetable will be observed by the Finance Agent/Manager to produce the audited and approved report and financial statements of the Association:

Task	Owner	Timeline
Key audit dates agreed with external auditor	Finance Agent/Manager	January
Budget owners to pursue invoicing of completed services/works	Budget holders	March
All accounting adjustments input, reconciliations complete and trial balance on all accounts prepared	Finance Agent/Manager	June
Draft Report and Financial Statements prepared	Finance Agent/Manager	June
External Audit visit	External Auditors	July
Audited report and financial statements, audit report and all other audit outputs to Management Committee for approval	Finance Agent/Manager	August
End of accounting year – books close	Finance Agent/Manager	August
Report and financial statements and external auditors report laid before the Annual General Meeting	External Auditor	September
Audited financial statements return to the Scottish Housing Regulator	Finance Agent/Manager	30 September

- 8.2 The audited financial statements will be disseminated to stakeholders by the relevant dates. These parties will usually include lenders, OSCR, FCA and TPT.

9. BACS/CHEQUE PAYMENTS

- 9.1 A payment run shall be performed normally on a fortnightly basis by the Finance Assistant. A listing of all invoices due for payment shall be produced by preferred payment method (for example BACS or cheque). Wherever possible, suppliers will be paid by BACS, however a cheque payment can be made as necessary.
- 9.2 The payment listing shall be passed to the Corporate Services Manager, Deputy Director or Director to review relevant approved and authorised invoices on SDM. The BACS listing shall be retained on file to evidence this authorisation.
- 9.3 Payment shall be made via online banking by the Finance Assistant and a BACS authorisation report issued to the Corporate Services Manager, Deputy Director or Director who will counter authorise the report via online banking. A final BACS report should then be saved from online banking which should match the original BACS report from SDM.

- 9.4 Cheque payments should be rare and every effort should be made to pay transactions by BACS or direct debit. Where a cheque is required, it shall be presented for signature to the defined authorised signatories together with authorised invoices for inspection. All cheques above £500 require two signatures.
- 9.5 Purchase invoices shall be entered on SDM as paid when this process is complete to ensure no invoice can be paid twice. The authorised BACS listing and purchase invoices will be held electronically.
- 9.6 Cheques should be issued to the payee together with a remittance advice. BACS payees should receive a remittance. This will be emailed assuming we hold email addresses on file.
- 9.7 Cheques issued should run in numerical order.
- 9.8 In the event that no invoice is available e.g. petty cash or rent refund, a completed cheque/BACS request voucher must be available and be fully authorised in accordance with the invoice procedures. It is the responsibility of the Officer requesting payment to complete the cheque/BACS request voucher.
- 9.9 When requesting a tenant refund, a signed form completed by the tenant must be attached to the cheque/bacs request detailing the tenant's bank account details. The tenant details will then be checked by a member of the Housing Services Team or senior manager (for example signature and bank verification details) and confirmed before payment is processed.
- 9.10 The Association currently operates the following accounts with Bank of Scotland for all BACS and cheque payments:
- Association**
Sort code: 80-09-51
Account No: 00656646
- Subsidiary**
Sort code: 80-09-51
Account No: 00134640
- 9.11 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment should normally be made within 30 days.
- 9.12 In the event of the Association being notified of a supplier or other payee change of bank details, the Finance Team will be responsible for ensuring that the request is legitimate. The Finance Team must always ensure dual verification of any change by making telephone/email contact with the supplier using only their existing contact details, rather than any provided at the time of notification. Change request must be fully verified verbally and in writing before any payment is made to a new account. This dual verification process should also be used for new suppliers i.e. ensuring separate verification of payment details before any payment is made. Any discrepancies will be reported immediately to the Corporate Services Manager or Director.

10. CREDIT CARD

- 10.1 The Association has one credit card. This card is held in the name of the Director (Elaine Lister). The credit card has a credit limit of £4,000. This limit will be reviewed annually and adjusted if considered necessary. Any changes to limits must be approved by the Management Committee.
- 10.2 The credit card is held for use in limited circumstances and any item which can be purchased through the invoices/orders system described previously should be purchased in that manner. All items purchased should be for business purposes only. Under no circumstances will any personal purchases be permitted. Purchases on the credit card will be reviewed on receipt of statements by the Finance Assistant and monthly as part of the credit card reconciliation by the Finance Agent/Manager to identify whether this principle has not been adhered to. Any concerns should immediately be brought to the attention of the Chairperson of the Association.
- 10.3 The credit card should normally be kept in the safe at all times when not in use. The Director will retain their credit card off site for use in case of emergencies and when travelling for business.
- 10.4 If the purchase is for a prize or raffle, the prize and raffles register held by the Corporate Services Team must be completed. Any prize/raffle or consultation winners will also be updated on the Register.
- 10.5 When a credit card purchase has been made, the receipt should then be passed to the Finance Assistant to be added to the SDM invoice diary as back up to the credit card statement when received.
- 10.6 Any expenditure incurred on the credit card will be verified and approved by the Finance Assistant or Deputy Director. If they are not available one of the office bearers will verify and approve the expenditure incurred.
- 10.7 When the monthly credit card statements are received, they must be electronically approved. The Finance Assistant or Deputy Director will ensure that each transaction on the statement has the correct form and receipt. Where there is a transaction on the statement that does not have the correct form and receipt this must be queried with the Director and resolved immediately.
- 10.8 The credit card account will be paid by direct debit from the Bank of Scotland current account on a monthly basis.
- 10.9 Misuse or suspected misuse of the credit card shall be reported to the Director, the Management Committee and the Association's external and internal auditors without delay. If misuse is by the Director this will be reported to the Management Committee. In all instances the external and internal auditors will be notified.
- 10.10 There should be no circumstances under which the credit card is used in error and for any other purpose than in relation to business for the Association. Any such occurrence must be formally reported to the Management Committee.

11. PETTY CASH

- 11.1 All petty cash cheques should be requested by the Finance Assistant and signed by an authorised signatory. The petty cash levels shall be maintained at no more than £700 at any one time. Payments from petty cash are where it is not possible to follow the invoices/orders process set out in the invoices/orders section above.
- 11.2 The expected petty cash usage is for the following items:
- Gas/electricity top ups in void properties limited to a maximum of £20 per household;
 - Reimbursement of sundry expenses limited to a maximum of £50;
 - Sundry office supplies, such as tea/coffee/milk;
 - Other items deemed as acceptable for reimbursement by petty cash by the Corporate Services Manager or Director; and
 - Committee expenses amounts up to approved levels.
- 11.3 All petty cash disbursements must be accompanied by a receipt and a petty cash voucher signed by the parties making and receiving payment.
- 11.4 All petty cash vouchers must contain details of what the expense refers to and must be dated as at time of payment.
- 11.5 Staff expenses will normally be paid via the payroll system as opposed to petty cash. Where staff members request reimbursement of expenses or receive payments outwith the normal monthly expense claim, the prepaid items should also be included in the monthly expense claim (but shown as paid).
- 11.6 At no time should the petty cash fund be used by any staff/Committee member for purposes other than expenditure wholly and necessarily incurred on official business.
- 11.7 The person responsible for the handling of petty cash and associated records is the Finance Assistant. They have sole responsibility for cash disbursements, but when absent this would be the Corporate Services Manager or Director.
- 11.8 It is essential that the petty cash box remains in the finance safe unless cash deposits or disbursements are being made. Only the Finance Assistant, Corporate Services Manager and Director have access to the finance safe.
- 11.9 The petty cash levels shall be reconciled to the petty cash records on a monthly basis by the Finance Assistant. Any variances shall be investigated immediately and reported to the Finance Agent/Manager and Director.
- 11.10 Petty cash transactions shall be posted by way of a journal onto SDM on a monthly basis. The journal shall be prepared and posted by the Finance Assistant and reviewed by the Finance Agent/Manager.
- 11.11 The Finance Assistant shall, on a monthly basis, reconcile the petty cash balance to the petty cash book, and to the petty cash nominal code on SDM. Any variances shall be investigated and rectified in a timely manner. The Finance Agent/Manager will review this reconciliation and certify its accuracy. Certified petty cash reconciliations shall be retained within the Finance Team.
- 11.12 Although not encouraged, if for any reason money is paid into petty cash e.g. postage

used for personal mail, a petty cash paid-in form should be completed, with the original receipt or back up as evidence of the payment in. This should be signed by the person paying in and also authorised by Director.

12. SALARIES/EXPENSES

- 12.1 The Director is responsible for the HR records of the Association. It is the responsibility of the Director, although operationally this can be delegated, to ensure that all relevant information with regards to payroll is provided to the Finance Team at least a week prior to the payroll processing date. This should include approved starters and leavers forms, and approved salary changes.
- 12.2 Salary and wage increases arising from staff promotions or pay awards must be approved by the Director prior to any payment being made. Any changes in salary amounts due must be confirmed in writing to the individual staff member with a copy of the letter being retained in the personnel files.
- 12.3 Any request for overtime must be approved in advance and in-line with the Financial Regulations. Any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the Director or senior staff member.
- 12.4 Any request for reimbursement of expenses/mileage costs should be accompanied by an expenses claim form signed by the individual requesting payment and authorised in accordance with the Financial Regulations. Receipts should be provided where possible.
- 12.5 All sickness absences of over 7 working days require a fit note from the employee's GP to cover ongoing absence.
- 12.6 All sickness absences of less than 7 working days require completion of a self-certification sickness form.
- 12.7 For the purposes of statutory sick pay, the Corporate Services Manager must be made aware of all absences from work arising from sickness.
- 12.8 Salary processing is carried out by the Corporate Services Manager on a monthly basis.
- 12.9 Monthly payroll information is collated (which should include; overtime, subsistence, mileage, sickness or any contractual changes) by the Finance Team. The relevant information shall be input by the Corporate Services Manager into the payroll information spreadsheets, Opera payroll and online banking for approval. The payroll information will be reviewed and certified by the Director or Deputy Director before submitting the final payment submission to HMRC in the Opera payroll system.
- 12.10 The Deputy Director or Director will review the BACS evidence and counter authorise payment via online banking. A final BACS report should then be saved off online banking which should match the original BACS report. The confirmed BACS payment should be saved with the approved BACS listing and the approved payroll information and retained on file. This can be stored electronically on the secure drive.
- 12.11 Salary payments are due on the 25th day of each month and shall be processed at least two days prior to this to ensure adherence with the timetable. The payment period in December may vary in line with holiday dates and where the 25th falls on a weekend or

bank holiday.

- 12.12 The Corporate Services Manager is responsible for submission of all PAYE returns and pension contributions in accordance with statutory timetables.
- 12.13 Any changes in employment terms must be approved by the Management Committee and must be conveyed to the staff member in writing and a copy of the letter held within the personnel files.
- 12.14 Any deductions from pay must be supported by written authorisation given by the employee (for voluntary deductions) or the appropriate statutory or court arrestment order.
- 12.15 Payments to HMRC, union and other staff deductions will be processed through payroll each month.
- 12.16 In the event of the Association being notified of an employee change of bank details, the Corporate Services Manager will be responsible for ensuring that the request is legitimate. Requests to change employee bank details should be made in writing by completing an Employee Information Form. Change requests must be fully verified verbally and in writing before any payment is made to a new account. Any discrepancies will be reported immediately to the Director or Deputy Director.

13. COMMITTEE EXPENSES

- 13.1 All payments made will be in line with the Association's Entitlements, Payments & Benefits Policy.
- 13.2 Claims for reimbursement of expenses must be accompanied by an expenses claim form signed by the individual requesting payment and countersigned by the Director.
- 13.3 Receipts must be obtained and attached with any claim made, if the claim is for loss of earnings, a letter from the employer should be obtained.
- 13.4 Whilst it is preferred that payment is by BACS or cheque, it is recognised that payments via petty cash may be required.
- 13.5 No cheque signatory may sign a cheque payable to themselves.
- 13.6 Where payment is made to a 3rd party in respect of childminding expenses, proof of payment must be provided.
- 13.7 All expenses paid will be available for inspection by the Director and Committee members.
- 13.8 All committee members are authorised, acting reasonably, to use the Associations tax account for authorised Association business only. This requires to be authorised in advance by the Director or senior staff member.

14. MAINTENANCE/REPAIRS/RENEWALS

- 14.1 The annual budget setting process will allocate the level of funds available for day to day, cyclical and major repair maintenance works and planned renewals.
- 14.2 The allocation of funds will exclude any salary costs, recoverable costs and overhead allocation and will refer solely to monies available for repairs by outside contractors and the purchase of materials.
- 14.3 The Finance Team & senior staff will liaise prior to the commencement of the financial year for the purposes of agreeing an annual maintenance/repairs plan to be submitted to the Management Committee for approval within the budget setting process.
- 14.4 The Senior Maintenance Officer will maintain detailed project accounts for all major works, development works or where contractor payment is in instalments. This shall be updated on at least a quarterly basis in collaboration with the Finance Agent/Manager to monitor actual spend on each project and identify any significant under or over spend.
- 14.5 The Senior Maintenance Officer is responsible for ensuring that expenditure remains within budget and managing any significant variances. They are also responsible for providing sufficient explanation to the Finance Agent/Manager for management accounts purposes. The Senior Maintenance Officer must ensure that all contractors hold up to date and valid insurance cover. The Senior Maintenance Officer is responsible but may delegate some of these tasks on a day to day basis.
- 14.6 Any significant variance in project costs from the approved budget must be flagged to the Director and Finance Agent/Manager as soon as they are known and should be highlighted in the quarterly management accounts to the Finance, Audit and Risk Subcommittee detailing the impact on the annual budget.
- 14.7 It must be recognised that material circumstances may result in the annual budget allocation being amended during the course of the financial year.
- 14.8 Where it is expected that repair works will exceed £15,000 the appropriate procedures for tendering must be observed, unless it is necessary to carry out the work immediately in order to prevent danger to life, limb or property. Where it is expected that a repair will cost more than £5,000 and be less than £15,000 quotations should be sought from three approved framework contractors or through Public Contracts Scotland quick quotes.
- 14.9 Projections of cyclical maintenance/major repair works must be compiled under the control of the Senior Maintenance Officer, Director and Finance Agent/Manager. The Association will have 30-year planned maintenance assumptions within its Business Plan, which will be reviewed and rolled forward annually in order to allow incorporation of the financial effects into the revised long term financial projections.
- 14.10 There may be circumstances when the Management Committee wish to deviate from the approved budget. Any decisions made must be recorded in the minute of the meeting and any subsequent variances from the original budget shall be noted through the normal quarterly management accounts.
- 14.11 Any small amounts of materials held by the Association shall be supervised by the Senior Maintenance Officer.

15. FACTORING

- 15.1 All factoring information is detailed in our Factoring Statement of Service.
- 15.2 Procedures relating to the recording and receipt of funds for factoring activity are noted within the receipt of monies financial procedure.
- 15.3 At each month end the Finance Team shall produce a full reconciliation of individual factoring balances. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance.
- 15.4 The Finance Team shall agree the control account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly. Arrears will be pursued by the Factoring Officer.
- 15.5 The Factoring Officer has full responsibility for the Factoring Service and the issue of timeous factoring accounts where applicable.

16. RE-CHARGEABLE REPAIRS

- 16.1 The Rechargeable Repairs & Tenant Damage Procedure explains what constitutes a rechargeable repair and how rechargeable repairs will be managed.
- 16.2 Procedures relating to the recording and receipt of funds for rechargeable repairs activity are noted within the receipt of monies financial procedure.
- 16.3 At each quarter end the Senior Maintenance Officer shall ensure the production of a reconciliation of individual rechargeable repair balances. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance. This shall be reviewed and agreed as factually accurate by the Finance Team and evidence of this retained on file.
- 16.4 The Finance Agent/Manager shall agree the account balance with the quarter end trial balance figure. Any differences must be investigated and resolved promptly. Debt recovery of all outstanding balances will be pursued by the relevant Maintenance member.
- 16.5 The Maintenance Team has the responsibility for the issue of timeous recharge repair accounts for customers where applicable.

17. INSURANCE CLAIMS

- 17.1 The Maintenance Officer will inspect and assess all incidents which may result in an insurance claim being submitted. Any insurance claim must be approved by the Senior Maintenance Officer before the claim is commenced.
- 17.2 A claim will be submitted where the cost of repair is estimated to exceed the policy excess by an amount which, taking into account administrative costs, is economical. Generally, no claims will be submitted for amounts of less than £250. Reference to the Policy Schedule should always be made before submitting any claims.

- 17.3 The submission of all insurance claims is the responsibility of the Senior Maintenance Officer. Claims must be submitted within the insurance policy timescale or as agreed with the insurance company.
- 17.4 Whilst it is the responsibility of the Maintenance Officer to advise and liaise with the loss adjuster on property claims, the Finance Assistant must be made aware, at the outset, of any material issues and be kept informed regarding progress.
- 17.5 It is the responsibility of the Maintenance Officer to code maintenance invoices in an appropriate manner in order to confirm to the Senior Maintenance Officer and Finance Team any invoices subject to a claim.
- 17.6 Copies of all claims should be retained in an insurance claims folder which should contain a summary sheet detailing date of incident, date of claim, address, claim amount, payment received and date of receipt. Responsibility for this task lies with the Maintenance Assistant.
- 17.7 The Finance Team should agree the balances outstanding at each month end with the trial balance control account for insurance claims. Any differences should be investigated and resolved promptly. Each reconciliation must be reviewed by the Finance Team and evidence of this retained on file.

18. HOMESTAKE AND SHARED EQUITY

- 18.1 General procedures relating to Homestake and shared equity are contained within the separate procedure maintained by the Housing Management Team.
- 18.2 Receipt of funds for Homestake and shared equity activity are noted within the receipt of funds financial procedure.
- 18.3 Receipts shall be returned to the appropriate lender or the Scottish Government in accordance with the loan agreement or Scottish Government guidance.
- 18.4 The Housing Services Manager is responsible for all administrative matters relating to Homestake and shared equity and shall advise the relevant departments of any activity on a monthly basis.

19. COMPONENT ACCOUNTING AND OTHER FIXED ASSETS

- 19.1 Programmes of work that will be capitalised will be determined annually within the annual budget. Although priorities may change throughout the year, any changes must be agreed and approved by the Management Committee.
- 19.2 All information on replacements/disposals must be provided to the Finance Team by the Maintenance Team. This includes the date of renewal/disposal and amounts.
- 19.3 The Finance Team administer an excel database of all assets, replacements, disposals and depreciation calculations. The Finance Agent/Manager is responsible for ensuring the maintenance of the component database. The component accounting spreadsheet may be replaced by a suitable software system, as approved by the Finance, Audit and Risk Sub-committee.
- 19.4 Journal entries must be posted monthly for component replacements, disposals and the

depreciation charge, once the database has been appropriately updated. The Finance Agent/Manager will be responsible for calculating and posting the journal.

- 19.5 Copy invoices for all replacements must be kept in the SDM purchase ledger.
- 19.6 The Association will only capitalise items which could be considered to be other fixed assets where the cost is over £250.

20. PROCEDURE REVIEW

- 20.1 These procedures shall be reviewed and updated as necessary at least every 3 years by the Finance Agent/Manager in conjunction with the Director, and approved by the Management Committee.