



FINANCIAL REGULATIONS

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Foreword

To conduct its business effectively a Housing Association needs to ensure that it has sound financial management systems in place and that they are strictly adhered to. Part of this process is the establishment of regulations which set out the financial policies of The Association.

1. Status of Financial Regulations

- 1.1. The financial regulations of North Glasgow Housing Association form part of its overall system of financial and management control. The rules of the Association and the terms of reference of the Board and its sub-committees outline how the Association will be controlled and run.
- 1.2 This document sets out the Association's financial regulations which form part of the overall rules of the Association. It translates the Association's broad policies relating to financial control into practical guidance. It applies to the Association and all its subsidiary undertakings.
- 1.3 Compliance with the financial regulations is compulsory for all staff connected with the Association. It is the responsibility of heads of departments to ensure that their staff are made aware of the existence and content of the Association's financial regulations and that an adequate number of copies are available for reference within their department.
- 1.4 The Deputy Chief Executive Officer - Finance (DCEOF) is responsible for maintaining a continuous review of the financial regulations and advising the Board of any additions or changes as necessary.
- 1.5 The Association's detailed financial procedures set out how the regulations will be implemented and are contained in a separate manual. It is the DCEOF's responsibility to prepare and maintain the Association's financial procedures which should be available to all departments.

2. Financial Control Board

- 2.1 The Board has ultimate responsibility for the Association's finances. Its financial responsibilities are:
 - a. to ensure the solvency of the Association
 - b. to safeguard the Association's assets
 - c. to ensure the effective and efficient use of resources
 - d. to ensure compliance with performance standards produced by Scottish Housing Regulator and the SFHA
 - e. to ensure that financial control systems are in place and are working effectively
 - f. to ensure that the Association complies with the code of audit practice
 - g. to approve the Association's strategic plan
 - h. to approve annual estimates of income and expenditure and to approve the annual financial statements
 - i. to recommend to the Annual General Meeting (AGM) the appointment of the Association's external auditors.

- 2.2 The Board delegates most of these responsibilities to the Audit sub-committee as detailed below. This committee is accountable to the Board.

Audit and Finance Sub-Committee

- 2.3 The Audit Sub-Committee is independent and reports to the Board. It has right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and that the Board is able to give an annual statement of assurance in respect of financial control systems. The Committee is charged with monitoring the risks facing the Association, to take reports on such and to make recommendations on reducing the risks from such.
- 2.4 The audit requirements of the Association are set out in the code of audit practice produced by Scottish Housing Regulator. Every registered social landlord is required, under the Housing (Scotland) Act 2010 to have an annual independent external audit.

Audit Requirements

- 2.5 The DCEO is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly. The Association shall prepare all accounting work, together with a fully referenced audit file, in a format agreed in advance with the auditors, in order that the audit can be carried out as efficiently and effectively as possible. This also ensures the complete independence of the external audit.
- 2.6 The accounts and audit findings letter should be reviewed by the Audit Sub-Committee. A formal response to the audit findings letter will be issued to the auditor. The Association will, wherever possible, act upon the issues raised and recommendations made, in order to become more efficient in its financial arrangements and systems of financial control.
- 2.7 External auditors and internal auditors shall have authority to:
- a. access association premises at reasonable times
 - b. access all assets, records, documents and correspondence relating to any financial and other transactions of the Association.
 - c. require and receive such explanations as are necessary concerning any matter under examination
 - d. require any employee of the Association to account for cash or any other association property under his/her control

- 2.8 Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, or other property of the Association or there is any other suspected irregularity in the exercise of the activities of the Association, the head of department concerned shall notify the DCEO or Chief Executive Officer (CEO) of the Association. He/she will take steps as necessary by way of investigation and involvement of internal audit and report the matter to the Board in the first instance and if necessary Scottish Housing Regulator where required. The Association should also ensure that a procedure for whistle blowing is in place and operating effectively.

External Audit

- 2.9 The appointment of external auditors will take place annually at the AGM and it is the responsibility of the Board to make recommendations following advice received from the Audit Sub-Committee. The primary role of external audit is to report on the Association's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the code of audit practice and the Auditing Practices Board's auditing standards. Each year the Audit Sub-Committee will review the effectiveness of external audit and, provided the auditors' work is of a sufficiently high standard and reasonably priced, should recommend that the Board re-appoint them. In addition, a competitive tendering exercise will be held at least every seven years. This is to comply with good practice and recommendations laid down by the Scottish Housing Regulator.
- 2.10 On appointment, the content of the external auditor's engagement letter should be clearly discussed and agreed with the CEO and DCEO in order that there is a clear understanding of the external auditor's responsibilities. This engagement letter should be reviewed every three years to ensure that it is still appropriate.

Internal Audit

- 2.11 The main responsibility of internal audit is to provide the Board, the CEO and Senior Management Team with assurances on the adequacy of the internal control system.
- 2.12 The internal audit service has direct access to the Board, CEO and chairperson of the Audit Sub-Committee.
- 2.13 The internal auditor will comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors*.

Other Auditors

- 2.14 The Association may, from time to time, be subject to audit or investigation by external bodies such as HMRC who have statutory rights of access.

Responsibilities

The Chief Executive Officer (CEO)

- 2.15 The CEO and in the absence of the CEO, the Senior Depute CEO is responsible for the operational management of the Association's affairs. He or she will assist the Board in determining its strategic objectives and promote the achievement of such objectives through the effective deployment of The Association's resources.

The DCEOF

- 2.16 Day to day financial administration is the responsibility of the DCEOF. The DCEOF is responsible to the CEO for:
- a. financial and business planning
 - b. preparing annual capital and revenue budgets
 - c. preparing management accounts and information, monitoring and control of income and expenditure against budgets and all financial operations
 - d. preparing the Association's annual accounts and other financial statements and accounts which the Association is required to submit to other authorities
 - e. preparing appraisals for major investment decisions
 - f. ensuring that the Association maintains satisfactory financial systems
 - g. providing professional advice to the Board on all matters relating to financial policies and procedures including treasury management.

Departmental Managers

- 2.17 Managers are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

Budgeting

Resource Allocation

- 2.18 Resources are allocated regularly, and at least annually, on the recommendation of the Board.

Budget Preparation

- 2.19 The day-to-day administration and the control of the budget will be delegated to the CEO and Depute CEO. The DCEOF is responsible for ensuring a revenue budget is prepared annually for consideration by the Board. The budget should also include cash flow forecasts for the year and a projected year end balance sheet. The DCEOF must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Managers as soon as possible following their approval by the Board.

- 2.20 During the year, the DCEO is responsible for submitting revised budgets to the Board for consideration and approval as required. A budget setting policy is detailed separately.

Development Programmes

- 2.21 Capital expenditure on land, buildings and associated costs can only be considered as part of the development programme approved by the Board.

Financial Planning

- 2.22 The DCEO is responsible for preparing long term financial forecasts for at least the period required by the Scottish Housing Regulator and funders. Financial plans should be consistent with the strategic plans and development strategy approved by the Board.

Accounting Policies

Basis of Accounting

- 2.23 The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

Depreciation

- 2.24 Housing Properties

Housing properties are stated at cost less aggregate depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties as follows:

| | | |
|--------------------|---|----------------------------|
| Rehab Schemes | - | over 40 years |
| SST acquired stock | - | over 40 years |
| New Build Schemes | - | over 50 years |
| Land | - | no charge for depreciation |

Capitalised components of the properties will be depreciated over the life cycle appropriate to the component. Components as part of a contract programme will be reviewed for capitalisation. Individual unit replacements will not normally be capitalised at this time until such time as a full component accounting database has been implemented.

Other fixed assets

The Association's assets are written off evenly over their expected useful lives on a straight line basis as follows:

| | | |
|-------------------------------|---|---------------|
| Office premises | - | over 25 years |
| Furniture & equipment | - | over 5 years |
| Computer hardware | - | over 5 years |
| Sheltered fixtures & fittings | - | over 8 years |

Capitalisation of other fixed assets

- 2.25 Fixtures, fittings and equipment purchased for £500 or more should be capitalised. Anything purchased for under £500 should be incorporated into revenue expenditure.

Format of the Accounts

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

Accounting Returns

- 2.27 The DCEOF is responsible for dispatching financial returns and other periodic financial reports to the Scottish Housing Regulator, Financial Conduct Authority, HMRC and any other body as required.

Accounting Records

- 2.28 The DCEOF is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.
- 2.29 The Association is required by law to retain prime documents. These include:
- a. accounts raised (six years)
 - b. copies of receipts and invoices (six years)
 - c. payroll records (six years)
 - d. VAT records (six years).
- 2.30 For auditing and other purposes, the Association should retain other financial documents for six years.

3. Income & Banking

General

- 3.1 The DCEOF is responsible for ensuring that appropriate procedures are in operation to enable the Association to receive all the income to which it is entitled. All receipt forms, invoices, or other official documents in use must have the approval of the DCEOF.
- 3.2. Levels of rents, service charges and lettings are determined by procedures approved by the Board. Secure rents are determined by the rent officer.
- 3.3. The DCEOF is responsible for the prompt collection, security and banking of all income received.
- 3.4 The DCEOF is responsible for ensuring that all grants notified by GCC DRS and other bodies are received and appropriately recorded in the Association's accounts.

- 3.5 The DCEOF is responsible for ensuring that all claims for funds are made by the due date.

Appointment of Bankers

- 3.6 The Board is responsible for the appointment of the Association's bankers on the recommendation of the DCEOF.

Banking Arrangements

- 3.7 The DCEOF is responsible, on behalf of the Board, for liaising with the Association's bankers in relation to the Association's bank accounts and the issue of cheques.
- 3.8 A bank account cannot be opened or closed without approval from the Board. All bank accounts for the Association shall be in the name of North Glasgow Housing Association Ltd.
- 3.9 All cheques drawn on behalf of the Association must be signed in the form approved by Board. Details of authorised persons and limits for all types of payment including BACS and CHAPS shall be provided for in the Association's detailed financial procedures.
- 3.10 The DCEOF is responsible for ensuring that all bank accounts are subject to regular reconciliations and independent reviews and that large or unusual items are investigated as appropriate.

Cash Receipts

- 3.11. All monies received within offices from whatever source must be recorded by the office on a daily basis together with the form in which they were received. An authorised receipt of the Association should be issued. This receipt book is kept at the reception in each office and is sequentially numbered. These receipt books should be used at all times.
- 3.12. The policy regarding cash/cheque collection is that tenants and owners should pay their rent and factoring charges at the bank, post office or an outlet with an Allpay terminal. Cash and cheques received at the offices should be kept to a minimum.

Rents

- 3.13 Managers should ensure that:
- a. swift and effective action is taken to collect overdue rents in accordance with the Association's formal procedures (detailed in the housing management procedures). Delegated authorities relating to such are outlined in the rent arrears policies and procedures.

- b. outstanding rents are monitored and reports prepared for the Board.

The Collection of General Debts

- 3.14 The DCEOF should ensure that:
- a. sales ledger invoices are raised promptly in respect of income due to the Association
 - b. debtors are raised on official invoices which are numbered sequentially
 - c. swift and effective action is taken to collect overdue debts in accordance with the Association's formal procedures (detailed in the financial procedures)
 - d. outstanding debts are monitored and reports are prepared for managers.
- 3.15 The Board is ultimately responsible for implementing credit arrangements and indicating a period in which different types of invoices must be paid. Any subsequent changes must be submitted to Board for approval.

Write Off Of Arrears and Debts

- 3.16 Requests to write-off debts in excess of £5,000 must be taken to the Audit or Area committees for consideration. Debts below this level may be written off with the permission of the department manager but will also be reported to the appropriate Committee quarterly. This is in line with the delegated authority under the rent arrears procedure.

Donations

- 3.17 Any donation above £250 to other bodies must be approved by the Board

4. Expenditure

- 4.1 The DCEOF is responsible for making payment to suppliers of goods and services to the Association.

Authorities

- 4.2 All purchases must be authorised by at least a Manager/Assistant Manager. No account for expenditure shall be payable until the Manager concerned is satisfied that the:
- a. the account is due and payable
 - b. goods and services have been carried out in accordance with the instructions given.
 - c. charges are in accordance with schedule of rates, estimates or sums reasonably chargeable
 - d. accounts have not already been paid in whole or in part

- e. where appropriate, the invoice has been matched to the work order number
 - f. the additions and extensions on the invoice have been checked
 - g. the invoice details (quantity, price and discounts are correct)
 - h. VAT issues have been complied with where they apply.
- 4.3 Any changes to the authorities to sign must be notified to the DCEOF immediately.
- 4.4 The CEO has the authority to authorize non budgeted expenditure:
- a. goods and services up to a maximum of £50,000
 - b. emergency repair work up to a maximum of £250,000.

Any work carried out under the above categories will be incorporated into the annual budget and reported to the Board.

Petty Cash

- 4.5 Petty cash will be controlled through the Imprest system. Petty cash levels in the office should be kept at a manageable level. Therefore, the imprest system of petty cash should normally be maintained at a level of £1,000.
- 4.6 The limit for presenting a petty cash cheque to the bank shall be set at up to £2,000. However, this facility should only be used when such a sum of money has been requested in advance i.e. for homes parties required immediately.
- 4.7 Claims for reimbursement will normally be by funds transfer, cheque or through the staff payroll unless it causes the individual financial hardship. The appropriate method of payments will be at the discretion of managers.

Tendering

- 4.8 The following rules shall apply for tendering:
- a. Services/supplies less than or equal to £50,000 – No publically advertised tender is formally required. However if not publically advertised then three quotes should be sought if considered appropriate to demonstrate value for money. The work must be authorised by CEO/Depute CEO/Director.
 - b. Services/supplies estimated at over £50,000 (except in emergencies where 4.4 applies) – A specification should be put on Public Contracts Scotland.
 - c. Works estimated under £2m. No publically advertised tender is formally required. However if not publically advertised on PCS or Quick Quotes then three quotes should be sought if considered appropriate to demonstrate value for money.
 - d. Works estimated over £2m – A specification should be put on Public Contracts Scotland or OJEU depending on value.

OJEU limits will be applicable to the above totals and applied as according to the current limit at the start of each year.

Under the Scottish Procurement regulations contracts can be awarded to the wholly owned subsidiaries without the need to advertise the contract.

Negotiation

- 4.9 Negotiation may be entered into where the contracts are below the Scottish Procurement thresholds or for works that are considered to be highly specialist or considered to be emergency works.

Payment of Invoices

- 4.10 The procedures for making all payments shall be in a form specified by the DCEOF.
- 4.11 Suppliers shall be instructed to send all invoices for payment to the Finance Department. Payments will only be made by the DCEOF against invoices which have been certified for payment by the appropriate manager and where the DCEOF has verified that a completed Declaration of Interest exists for any contractor or supplier who falls within the scope of the Declaration of Interest Policy (i.e. where contract value exceeds £1000).
- 4.12. A computerised cheque run to pay the purchase ledger invoices is done every two weeks. However, an extra payment run for utility and other immediate bills may be required at any time during the month. Purchase ledger manual cheques or one off transfers should generally be avoided, however, in circumstances, where an invoice has been held because of a dispute and is then subsequently passed for payment after the payment run date, or when the CEO or DCEOF specifies that an invoice is to be paid urgently, then a manual cheque can be drawn or transfer done.

Cheque signing policy

- 4.13 Manual cheques for Association cashbook expenditure should be drawn as and when required. All cheques are to be signed by two authorised cheque signatories. However it should be noted that:
- a. cheques under £25,000 can be signed by any two authorised signatories
 - b. cheques over £25,000 must be signed by at least one ET member and any other authorised signatory
 - c. no cheque signatory may sign a cheque payable to themselves.

5. Salaries and Wages

General

- 5.1 The DCEOF is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. Responsibilities are outlined in the Payroll Responsibilities procedure document.

- 5.2 All the staff of the Association will be appointed to the salary scales approved by the Board and in accordance with the EVH Annual Wage Agreement or other agreement appropriate to that group of staff. All letters of appointment must be issued by the appropriate CEO/ET member. The appropriate person will be responsible for keeping the DCEOF informed of all matters relating to personnel for payroll purposes.
- 5.3 In particular these include:
- a. appointments, resignations, dismissals, secondments and transfers
 - b. absences from duty for sickness or other reason, apart from approved leave
 - c. changes in remuneration
 - d. information necessary to maintain records of income tax and national insurance, etc.
- 5.4 The DCEOF is responsible for ensuring that all casual and part-time employees will be included on the payroll.
- 5.5 The DCEOF shall be responsible for keeping all records relating to payroll including those of a statutory nature.
- 5.6 All payments must be made in accordance with the Association's detailed payroll financial procedures and comply with HMRC regulations.

Charge out Rates

Provision of Services

- 5.7 Staff charge out rates should cover salary costs and overheads.

Secondments

- 5.8 The charge for staff seconded to and from The Association will cover the salary, NIC & related pension contributions.

NB The provision of services and secondments by staff is on the basis that:

- a. The Association's performance is not adversely affected
- b. Any toil accrued as a result of additional hours is charged against the service or secondment income.

Pensions

- 5.9 The Board is responsible for undertaking the role of employer in relation to pension arrangements for employees.
- 5.10 The DCEOF is responsible for day-to-day pension matters including:

- a. paying of contributions to The Pension Trust/SHA Pension Scheme/Strathclyde Pension Scheme/The Peoples Pension.
- b. preparing the annual returns to The Pension Trust/SHA Pension Scheme/Strathclyde Pension Scheme/The Peoples Pension.

Payment of salaries

- 5.11 Salaries are normally paid on the 14th of the month unless this date falls on a weekend day in which case the salaries will be paid on the Friday before the 14th. The CEO has the authority to pay the salaries early at holiday periods such as Christmas. Salaries will normally be paid through the banking system by BACS transfer.

Travel, subsistence and other payments

5.12

- a. Allowances for additional payments are either in accordance with EVH/Union agreed rates, the Association's Conditions of Service or are reviewed by the Board on an annual basis.
- b. Overtime and additional expenses must be approved by CEO/ET members/Managers or by Chairperson or Member of the Board.

6. Assets

Land, Buildings, Fixed Plant & Machinery

- 6.1 The purchase, lease or rent of land or buildings or fixed plant can only be undertaken as part of an approved development programme.
- 6.2 A register should be maintained of the Association's land, buildings, fixed plant and machinery.

Other Fixed Asset Additions

- 6.3 The Finance Department maintains a record of all other fixed asset additions.

Asset Disposal

- 6.4 Disposal of equipment and furniture must be in accordance with procedures agreed by the Board and contained in the Association's detailed financial procedures.
- 6.5 Disposal of land and buildings must only take place with the authorisation of the Board. Scottish Housing Regulator and the Scottish Government may require to be notified of the disposal.

Treasury Management (Investments and Borrowings)

- 6.6 The Audit Committee is responsible for approving a Treasury Management Policy statement setting out strategy and policies for cash management, long term investments and borrowings. The DCEOF has a responsibility to ensure implementation, monitoring and review of the Treasury Management Policy. This policy is detailed separately.

- 6.7 The DCEOF will report to the Audit Committee regularly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her including monitoring compliance.

7. Other

Risk Management

- 7.1 The Audit Sub Committee is responsible for developing a Risk Management Strategy, in line with the requirements of the Scottish Housing Regulator, in order to identify the risks facing the Association and types of protection required to cover these risks. The strategy should cover important potential liabilities and be sufficient to meet any potential risk to all assets. The Audit Sub Committee also approves and reviews the Associations operational risk registers and ensure the risk management cycle is rigorously applied. This will be reported to and approved by the Board.

Insurance

- 7.2 The DCEOF is responsible for effecting insurance cover as determined by the Board. He/she is therefore responsible for obtaining quotes and maintaining the necessary records. He/she will also deal with the Association's insurers and advisers about specific insurance problems in conjunction with the relevant staff in the relevant area. The insurance cover should provide good value for money against potential risks. It is essential to identify every type of risk prudent to be covered by insurance. Insurance tendering procedures should be carried out at least every five years.
- 7.3 Officers must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Association may be exposed. The DCEOF's advice should be sought to ensure that this is the case. Officers must give prompt notification to the DCEOF of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.
- 7.4 The DCEOF will keep a register of all insurances effected by the Association and the property and risks covered. For contractors and consultants registered on Open Housing the managers responsible for the relevant contracts should ensure the insurance details for the contractors and consultants are kept up to date on the Open Housing system.
- 7.5 All staff using their own vehicles on behalf of The Association shall maintain appropriate insurance cover for business use.

Taxation

- 7.6 The DCEOF is responsible for advising heads of departments on taxation issues in the light of guidance issued by the appropriate bodies and the relevant legislation as it applies to The Association
- 7.7 The DCEOF is responsible for maintaining the Association's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

Security

- 7.8 Managers are responsible for maintaining proper security at all times for all buildings, stock, furniture, cash, etc under his or her control. He/she shall consult the CEO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 7.9 The loss of safe keys must be reported to the DCEO immediately.
- 7.10 Officers will be responsible for maintaining proper security and privacy of information. Access to areas where data is stored will be restricted to authorised persons. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. A Data Protection Officer shall be nominated to ensure compliance with the Act. Data will only be released to bodies or individuals where it is required by the Data Protection Act. Any doubts on this should be referred to the Data Protection Officer or the DCEO.

Hospitality

- 7.11 The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Association's Gifts Donations and Hospitality Policy.
- 7.12 Members of the Board and members of staff should refuse all material hospitality and gifts offered by an individual or company that does or could provide services to the Association where they are offered as an inducement to secure favour. All Committee and staff will comply with the Association's Bribery Policy.

Performance Standards

- 7.13 The Association shall use the Scottish Housing Regulators Performance Standards as its benchmark.

8. Subsidiaries

- 8.1 The Association now has three active subsidiaries NG Property Services (NGPS), Design Services Glasgow Limited (DSGL) and NG 2 Limited.
- 8.2 NGPS is fully integrated into the IBS Management and Finance packages that are the core systems of the Association. As such the operations of NGPS will be governed by the structures of the financial regulations detailed in these financial regulations.
- 8.3 DSGL's accounting system functions on a totally separate accounting package. Its operations run on a basis different from that of the Association which is directed towards primarily meeting the needs of the tenants. DSGL is just directed to consolidating the development supplies of the contractors and professional suppliers into one supply to the Association. As such the scale of its invoices and the nature of its operation is totally different from that of the Association. A separate set of financial policies and regulations control the operations of that company.
- 8.4 Ng2's accounting system functions on a totally separate accounting package. Its operations run on a basis different from that of the Association which is directed

towards primarily meeting the needs of the tenants. NG 2 is just directed to carrying out social economy activities. As such the scale of its invoices and the nature of its operation is totally different from that of the Association. A separate set of financial policies and regulations control the operations of that company.

North Glasgow Housing Association Limited

Scheme of Financial Delegation

Scheme of Financial Delegation

1. General
2. Responsibilities
3. Review of Financial Limits in Delegations
4. Authorised Signatories
5. Terminology
6. Specific Financial Responsibilities
7. Contract Expenditure
8. General Expenditure

1. General

- 1.1 This document sets out the scheme of financial delegation ("the Scheme") for North Glasgow Housing Association Limited ("NGHA"). It outlines the roles and responsibilities of members of staff and the Board of NGHA. It details the financial limits that should be applied within this Scheme and describes the associated permissions and responsibilities for disbursing NGHA's business and specifies the limits and ranges of delegation given within the organisation.
- 1.2 This Scheme defines the delegated financial authority levels for the Board, Chief Executive Officer(CEO), ET members, Area Managers and staff by detailing the policy by which staff can commit and authorise expenditure within an approved budgeted framework.

2. Responsibilities

2.1 NGHA Board Responsibilities

In common with other RSLs, NGHA has a Board that is charged with exercising a "supervisory" function (as opposed to a "unitary" Board that can be found in private sector companies). Amongst its responsibilities the Board is charged with determining the vision for the future of NGHA and undertakes the strategic management, which will ensure that the vision is realised.

NGHA's strategy sets out the focus of the organisation. The Board approves the strategic objectives and seeks to ensure that they are supplemented by structures, systems, competent staff and appropriate and sufficient physical resources including a comprehensive, achievable budget.

It is important to appreciate that there are several factors that need to be addressed when implementing the financial limits. These include:

- **Budget Setting, Approval and Monitoring.** The Budget must be considered and approved by the Board, via the Chief Executive Officer, and Deputy Chief Executive Officer – Finance (DCEOF). The main body of financial limits set within the Scheme of Financial Delegation refers to expenditure that is accommodated within the agreed budget. It is essential that NGHA has in place a robust set of accounting requirements that facilitate the need for the Board and Management Team to monitor actual expenditure against planned expenditure. The Board has overall responsibility for monitoring outcomes against Budget. It is the role of the Board to monitor actual expenditure and progress within their remit.

- **Management Information System.** In addition to the monthly management accounts NGHA will have in place a vigorous set of monitoring procedures that allow for qualitative and quantitative reporting of activity in all parts of the organisation. There will be monthly summary monitoring of all activity that allow the relevant Management staff to take personal responsibility for the activities within their Departments and for reports to be made to the Board.

- **Non-Budgeted Expenditure.** The financial limits for non-budgeted expenditure are similar to those set for budgeted expenditure which has previously been approved by the Board. This reflects the need to ensure that the Board is appropriately involved in any decision to commit to new expenditure.

- **Segregation of Duties.** This Scheme reflects a cascade of financial delegation consistent with the requirements of good control and recognised best practice. The allocation of responsibility to individuals and groups will be such as to avoid conflicts of interest. The procedures will avoid undue reliance on any one individual for internal control. In practice, the same person should not be able to commit to expenditure, and authorise the invoice for payment. Segregation of duties is built into this Scheme in that two signatures are required to commit and authorise expenditure at a specified level.

- **Communication.** As well as effective planning that is aligned to aims, objectives and targets, an effective scheme of delegation is heavily dependent upon good levels of communication within the organisation. This should ensure that staff will know what is acceptable expenditure within their area and what is accounted for in the budget. They should also be kept informed of what decisions and actions arise from the continual monitoring of income and expenditure.

2.2 Chief Executive Officer's Responsibilities

The CEO has overall responsibility for NGHA's management and is personally accountable to the Board for the exercise of that responsibility.

The DCEOF undertakes the day-to-day direction of NGHA in relation to his specific responsibilities consistent with the authority delegated by the Board.

The financial limits within this Scheme will meet the requirements of the CEO with the authority to implement the strategy that has been agreed by the Board.

The CEO, and Executive Team members are responsible for advising the Board on the financial management of NGHA.

2.3 Executive Management Responsibilities

The limits incorporated in this Scheme facilitate the need for an efficient process for incurring and controlling expenditure. This will be achieved through a process that will not have a delaying impact on operational needs. This will also maintain the control environment by making the executive management team and other managers more personally accountable for the use of resources within their area.

The financial authorities within this Scheme will cascade down to a relatively low level within NGHA. This is important, as the majority of payments made by NGHA are likely to fall to middle managers for authorisation. Crucially, this Scheme requires two signatures. Exceptions to the two stage signatory process are set out in this Scheme and primarily relate to specific delegated financial authorities, and where the level of seniority is deemed to be appropriate. In all cases, however, the management information presented to the Board should provide adequate transparency in its reporting of financial commitments.

Each ET member is responsible for the financial delegation within the lowest category of financial limits within his/her area of responsibility as set out in Tables 7.2, and 7.4. If an ET member wishes to delegate financial authority within that category he/she should produce a Scheme of Financial Delegation for approval by the CEO. Any such Scheme of Financial Delegation is subject to direction or amendment by the CEO at any time.

Each member of staff within NGHA, with financial delegation, is responsible for ensuring that funds are committed and spent on the purpose for which it was intended and in accordance with the requirements of this Scheme and NGHA's contract, procurement and other policies and procedures. This includes ensuring that appropriate communication, contract progress monitoring and verification processes are undertaken.

Delegated officers' personal responsibility does not detract from the responsibility of the Executive Management Team in ensuring that appropriate controls are working in their areas and that any contentious or unusual payments are brought to their attention prior to payment being made.

A programme of staff training will be put in place, to be provided as required, to raise awareness and procedural guidance to clearly document key financial responsibilities.

Breaches of this Scheme may be subject to disciplinary action as appropriate.

Those members of staff who have delegated financial authority are responsible for ensuring that, where relevant, expenditure is approved after an appropriate tendering process has been followed. This includes EC procurement regulations as well as NGHA's own internal procedures. In addition, all financial authorisations should only occur after all appropriate checks and balances have been carried out in line with the policies and procedures of NGHA.

3. Review of Financial Limits in Delegations

The Board will review the financial limits in this Scheme on an annual basis, and determine any amendments as necessary, taking advice from the CEO.

NGHA is an organisation that is continually developing with future significant change always possible. This might create a demand for changes in this Scheme and this document will require to be revised by NGHA at that time.

4. Authorised Signatories

This Scheme recognises the need for two signatories relating to the commitment of expenditure and the payment of invoices. This should be complementary to the integrated financial system and the automated approval process for financial commitments.

The two stage signatory process would help to build up the monitoring activity within NGHA. Specifically:

- the first signatory is taking personal responsibility for confirming that the financial commitment is valid, checked, coded correctly and authorised as being a valid charge against NGHA and in accordance with its policies and procedures;
- the second signatory is taking personal responsibility for confirming that they have carried out checks and satisfied themselves that the payment is a legitimate charge to NGHA and in accordance with its policies and procedures; and

The first and second signatory would therefore be the main source of scrutiny to ensure the propriety and regularity of the expenditure. They would be asked to

account for any errors or abuse that is discovered during or subsequent to the payment process.

In applying the two stage signatory process outlined above, for general and routine expenditure items that are processed through the Open Housing and Open Accounts systems, NGHAs Integrated Finance System has embedded controls that prohibit financial commitment unless an appropriate level of authorisation has been granted. This is achieved through the use of user identification and passwords. The principal control mechanism is at the commitment stage, which contractually binds NGHAs to make payment after receipt of goods or services. In addition, there should be appropriate checking before payments are made. The authorisation will be implemented through segregation of duties, controlled by password.

Absence of Authorised Signatory

In the absence of a member of staff to whom financial authority has been delegated, that authority shall be exercised by a member of staff superior in the line of authority to the officer concerned, within the same operational section, unless temporary alternative arrangements have been approved by the CEO. In the CEOs absence, he/she will nominate deputies/managers and delegate his/her authority temporarily to that person. This should be approved by the Board for any continuous absence longer than four weeks.

5. Terminology

The definitions in Appendix 1 to these Standing Orders apply to this Appendix except where a relevant word or phrase is otherwise defined below. In addition the following words will bear the meanings set out below when used in this Scheme, unless the context otherwise requires.

“Budget” means a resource, expressed in financial terms, approved by the Board in line with the Business Plan for the purpose of carrying out the objectives of NGHAs;

“Budget Headings” means the main categories to an appropriate level of detail of expenditure set out in the Budget that are grouped together under one budget heading;

“Capital Costs” means the costs of financing the purchase, construction, regeneration or improvement of, or investment in, any fixed assets by NGHAs, including contract expenditure (as referred to in paragraph 7.1 below) and other business capital items,

“Contingencies” means approved amounts within the Budget set aside to meet expenditure requirements, which are not then capable of being profiled in detail;

“Cyclical Maintenance” means maintenance that can be predicted and performed on a regular basis;

“Delegated Officer” means a person named in a Scheme of Financial Delegation whom failing the immediately senior level of authority in the relevant table who is authorised to act as a 1st or 2nd signatory in terms of this Scheme of Financial Delegation;

“CEOs Scheme of Financial Delegation” means the scheme of delegation produced subject and pursuant to paragraph 2.2;

“Financial Management” means the process of managing the financial resources of NGHA, including management decisions concerning accounting and financial reporting, forecasting and budgeting;

“New Build Developments” means individual projects for building new residential property by NGHA;

“Other Capital Costs” means Capital Costs under exception of contract expenditure as referred to in paragraph 7.1 below;

“Planned Maintenance” means the programme or programmes of work carried out to prolong the useful life of the housing stock and other real property assets of NGHA and provide a comfortable living environment for tenants of NGHA;

“Regeneration” means the programme of work to upgrade and modernise the condition of the housing stock and related assets of NGHA, as referred to in NGHA’s Investment Strategy;

“Variances” means deviations from the Budget whether in financial unit cost or numerical terms; and

“Virement” means the transfer of approved budgeted expenditure from one Budget Heading to another.

6. Specific Financial Responsibilities

6.1 There are a number of specific financial responsibilities that are reserved to delegated members of staff – these are outwith the authorities detailed in sections 7 and 8. The delegated authority for these transactions lies, subject to paragraph 1.2 above, with nominated Deputes or functions as detailed below:

| SPECIFIC DELEGATED FINANCIAL RESPONSIBILITIES Within approved Budget | |
|--|-------------------------------|
| Description | Delegated Authority |
| Staff appointments and approval of salary (excluding Directors) | CEO/Depute |
| Appointment and approval of salary of Directors (excluding CEO) | CEO/Chairperson |
| Staff Overtime, Travel & Subsistence for all staff except the Chief Executive | Immediate line manager |
| Chief Executive’s salary and terms and conditions | Staffing Sub. Committee/Board |
| Chief Executives expenses | Office Bearer |
| Management Board Members expenses | CEO/ET member |
| Pension contributions | CEO/ET member |
| PAYE payments | DCEOF |
| VAT payments | DCEOF |
| Treasury management functions, including bank accounts and cheque signatories | DCEOF |

| | |
|--|---------------------------------|
| Leases | CEO and DCEOF |
| Insurances | DCEOF |
| Charitable Donations over £250 | Board/CEO |
| Write Offs within a policy approved by the Board | ET member/Neighbourhood Manager |

7. Contract Expenditure

7.1 Contract expenditure relates to the programmes across various headings and includes the following:

- Regeneration
- New Build Developments
- Planned Maintenance
- Cyclical Maintenance
- Responsive maintenance

7.2 The authority to approve financial commitment refers to items that have been included in the Budget, and which has been previously approved by the Board is detailed below:

| AUTHORITY TO APPROVE FINANCIAL COMMITMENT/WORK ORDERS | | |
|--|---|--|
| Budgeted Contract Expenditure | | |
| Value | Action | Authorised/Opened |
| <= £50,000 works/goods and services | No tender required but consideration of advertising depending on value. | CEO/Depute CEO/Director/Manager |
| > £50,000 works/goods and services | PCS advertised contract | Report to Board/Sub Committee with delegated authority for approval. |
| < under £2m works | No publically advertised tender is formally required. However if not publically advertised on PCS or Quick Quotes then three quotes should be sought. | Report to Board/Sub Committee with delegated authority for approval. |
| > £2m works | PCS or OJEU advertised contract. | Report to Board/Sub Committee with delegated authority for approval. |

7.3 The authority to approve unbudgeted financial commitment refers to items that have not been **included in the Budget and approved by the Board**, and includes the following categories of expenditure:

- New commitments, which have not previously been presented to the Board, and
- Variances to previously budgeted items of expenditure, and
- Virements between Budget headings.

| AUTHORITY TO APPROVE FINANCIAL COMMITMENT | | |
|--|---|--|
| Unbudgeted Contract Expenditure | | |
| Value | Action | Authorised |
| <= £50,000 works/supplies | No tender required but consideration of advertising depending on value. | CEO/Depute CEO/Director/Manager |
| > £50,000 works/supplies | PCS advertised contract | Report to Board/Sub Committee with delegated authority for approval. |
| < under £2m works | No publically advertised tender is formally required. However if not publically advertised on PCS or Quick Quotes then three quotes should be sought. | Report to Board/Sub Committee with delegated authority for approval. |
| > £2m works | PCS or OJEU advertised contract. | Report to Board/Sub Committee with delegated authority for approval. |

7.4 The authority to approve payments refers to the categories of expenditure as detailed in 7.1 above, and which has been previously **budgeted and committed in line with 7.2 or 7.3 above.**

| AUTHORITY TO APPROVE PAYMENTS | | |
|--|-------------------------------------|-----------------------------------|
| Budgeted and Committed Contract Expenditure | | |
| LIMITS | 1ST SIGNATORY | 2ND SIGNATORY |
| < £10,000 | Authorised officer for expense type | Manger/senior officer |
| >£10,000 but <= £50,000 | Authorised officer for expense type | Head of Department/Manager |
| > £50,000 but <=£100,000 | Authorised officer for expense type | Executive Team Member |
| > £100,000 | Authorised officer for expense type | CEO/Depute CEO/Head of Department |

The approval of payments refers to the authorisation of the commitment to make a payment. This will be achieved by the officer ensuring that the works order/interim certificate is in order, matches with the works order and that work has been carried out/goods or services delivered. This should be complementary to the integrated financial system and the automated approval process for financial commitments. The signatory levels are set at the minimum required and those above these levels can sign off as well.

8. General Expenditure

- 8.1 General expenditure is everything excluding the specific financial responsibilities laid out in sections 6, and 7.
- 8.2 The authority to approve financial commitment within the limits detailed below refers to items that have been included in **the Budget, which has been previously approved by the Board.**

| AUTHORITY TO APPROVE FINANCIAL COMMITMENT Budgeted General Expenditure | | |
|---|-------------------------------------|-----------------------------------|
| LIMITS | 1ST SIGNATORY | 2ND SIGNATORY |
| < £10,000 | Authorised officer for expense type | Manger |
| >£10,000 but <= £50,000 | Authorised officer for expense type | Head of Department/Manager |
| > £50,000 but <= £100,000 | Authorised officer for expense type | CEO/Depute CEO/Head of Department |
| > £100,000 | Authorised officer for expense type | CEO/Depute CEO |

- 8.3 The authority to approve unbudgeted financial commitment refers to items that have not been included in the approved Budget and includes the following categories of expenditure:

- New commitments, which have not previously been presented to the Board and
- Variances to previously budgeted items of expenditure. The contract progress must be monitored prior to approving variances, and
- Virements between Budget headings.

| Value | Authorised |
|-------------------------|--|
| <= £20,000 | CEO |
| > £20,000 but < £50,000 | CEO and report to Board |
| > £50,000 | Report to Board/Sub Committee with delegated authority |

- 8.4 The authority to approve payments refers to the categories of expenditure as detailed above, and which have been previously **budgeted and committed in line with 8.2 or 8.3 above.**

| AUTHORITY TO APPROVE PAYMENTS Budgeted and Committed General Expenditure | | |
|---|-------------------------------------|-----------------------------------|
| LIMITS | 1ST SIGNATORY | 2ND SIGNATORY |
| < £10,000 | Authorised officer for expense type | Manger/senior officer |
| >£10,000 but <= £50,000 | Authorised officer for expense type | Head of Department/Manager |
| > £50,000 but <= £100,000 | Authorised officer for expense type | CEO/Depute CEO/Head of Department |
| > £100,000 | Authorised officer for expense type | CEO/Depute CEO |

The approval of payments refers to the authorisation of the commitment to make a payment. The officer should ensure that the works order and that those goods or services have been delivered. This should be complementary to the integrated financial system and the automated approval process for financial commitments.

- 8.5 Where not specified above the attached schedule of financial and other delegated authority should be referred to.

North Glasgow Housing Association

| Function | Authority delegated to |
|--|--|
| Financial Regulations | |
| Fraud investigation | DCEOF/CEO/ET members |
| Write offs under £5000 | Neighbourhood Managers |
| Promotions up to £5k | CEO/Depute |
| Salaries - sickness, resignation etc. | CEO/Depute/Director |
| Salary early payment | CEO/DCEOF |
| Overtime payments | CEO/ET member |
| Make arrears arrangements with tenants/owners | Neighbourhood Managers |
| Treasury Management | |
| Money market transfers under £1m | DCEOF/CEO/Head of Finance |
| Money market transfers over £1m | DCEOF/CEO/ET members/Head of Finance |
| Surplus funds for investment 1st £500k | DCEOF/Senior.Fin.Officer |
| 2nd and subsequent tranches £500k | DCEOF/Senior.Fin.Officer |
| Maintenance Policy | |
| Not selecting lowest Tender | CEO/Depute/Chairperson |
| Insurances claims | Technical officers/Factoring Officer/Housing Officers |
| Maintenance/Project work orders | |
| Raising work orders for agreed contracts | Technical officers/Investment Officer/Housing Officers/CSO |
| Raising work orders/instructions for additional work on site | Technical officers/Investment officers with confirmation to manager afterwards |
| Complaints Procedure | |
| Complaints registration | All Staff |
| Customer complaint | Neighbourhood Manager/Head of Department |
| Unresolved | Ombudsman |
| Staff complaint | CEO/Depute/ET member/Neighbourhood Manager |
| Unresolved | Office bearers |
| Unresolved complaints | Ombudsman |
| Recruitment | |
| Selection and Appoinment | |
| Grade 5 and under | CEO/Depute/ET Member+1 Board Member |
| Grade 6 and over | CEO/Depute + 3 Board Member |
| All Temps/secondments | CEO/Depute/Fdirector |
| Job Descriptions, person specs, adverts | CEO/Depute/Head of OD |
| applications, record keeping, shortlisting | CEO/Depute/Head of OD |
| Expenses | |
| Journeys over 200 mls | CEO/ET member or Office bearer |
| Gifts Donations Hospitality | |
| Providing hospitality to visitors | CEO/ ET member |
| Health & Safety | |
| Ojectives are understood | CEO/ ET member |
| Adequate communication channels | CEO/ ET member |
| delegating responsibility | CEO/ ET member |
| adequate training | CEO/ ET member |

| | |
|---|---|
| Implementing Policies & Procedures | Managers/Asst Managers |
| Ensuring safety equip. inspected & used | Managers/Asst Managers |
| ensuring safe systems of work | Managers/Asst Managers |
| ensure all employees receive updates | Managers/Asst Managers |
| ensure regular stat/ inspections | Managers/Asst Managers |
| ensure all staff have sufficient training | Managers/Asst Managers |
| Implement all tasks allocated by CEO | DDCS/Managers |
| Monitoring org.'s operations | DDCS/Managers |
| Support to Man. Team | DDCS/Managers |
| Liaison with Enforcing Authority | DDCS/Managers |
| Bring issues to Managers of Sections | DDCS/Managers |
| Keep records of all accidents | DDCS/Managers |
| Co-ordinate monitoring procedures | DDCS/Managers |
| attend safety meetings and produce mins | DDCS/Managers |
| Fire safety | DDCS/Managers |
| Registers and checklists | DDCS/Managers |
| Personnel changes | ET member/Managers |
| Electrical safety | DDCS/Managers/Technical officer |
| Machinery safety | DDCS/Managers/Technical officer |
| Workplace Conditions | Management Committee/CEO |
| Safety Inspections | DDCS/Managers/Technical officer |
| Record keeping | DDCS/Managers/Technical officer |
| Gas safety + separate records | DDHS, Maintenance Manager, Technical Officers |
| kitchen safety | DDCS/Managers |
| Lifts | DDCS/Managers |
| First Aid | Appointed First Aiders |
| Risk assessments | CEO/ET members |
| COSSH | DDCS/Managers |
| Noise | DDCS/Managers |
| Display screen equipment | DDCS/Managers |
| Vehicles | CEO/ET members/Managers |
| Smoking | All Staff |
| Selection & Control of Contractors | CEO/ET members |
| Sheltered Housing | CEO/Depute/Neighbourhood Managers/Wardens |
| Requirements of Writing | |
| All legal documents | Board members/CEO, SDCEO, DCEOF, DCEOR |
| Witnesses | Any person witnessing signature |
| HAG applications | 1 Auth.sig. with Glasgow City Council |
| Office Overheads | |
| Cleaning Materials | Managers/ Assist. Mgrs |
| Subscriptions | CEO/ET member/PA to CEO |
| Publications | CEO/ET member |
| Postage & Stationery | Managers/Assist. Managers |
| Legal Fees (others) | CEO/ET member |
| Legal Fees (tenants) | Neighbourhood Managers |
| Protective Clothing | Managers |
| Computer Support | DCEOF/Managers |
| Consultants | CEO/ET member |
| Factor Management | ET Member/ Factoring Manager |
| Allpay Charges | ET member/Managers |
| Tenant Participation | Managers/Assist. Managers |

| | |
|-----------------------|------------------------|
| Miscellaneous | CEO/ET member/Managers |
| All other Expenditure | DCEO/CEO/ET member |
| | |