



Drumchapel Housing

Co-operative Limited

Financial Regulations

Approved by the Board
Latest review date

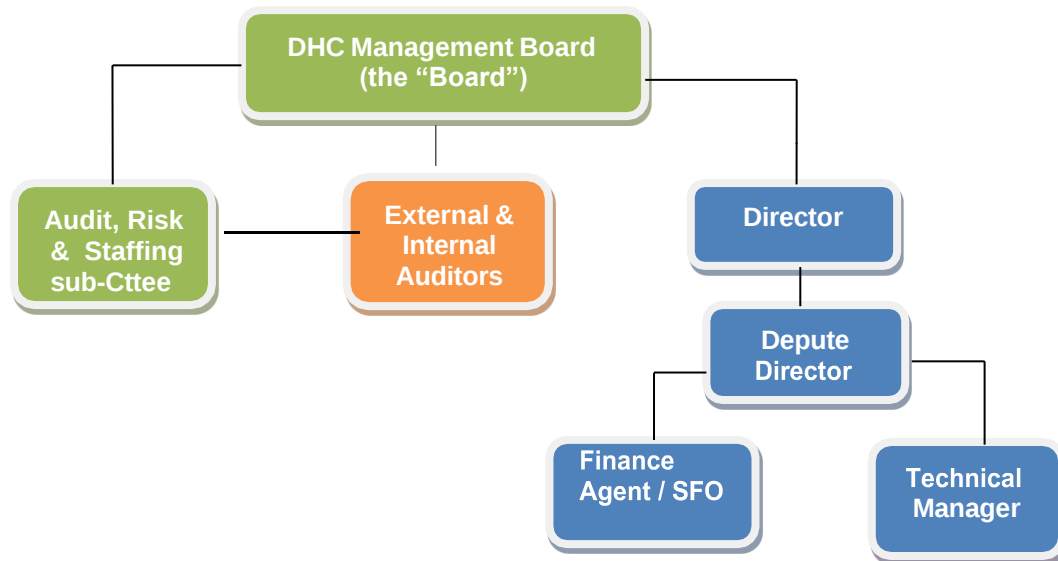
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1. Introduction

- 1.1 The Co-operative must demonstrate effective governance and sound financial management and must have a robust policy and procedural framework that complies with legislation, guidance and good practice.
- 1.2 Our Financial Regulations are based on the following current governance/management structure and relationships:



- 1.3 The Co-operative currently operates under the Scottish Federation of Housing Associations (SFHA) Charitable Model Rules 2020 which are the constitution of the organisation.
- 1.4 The standing orders of the Co-operative detail how the business of the organisation will be run and include delegated responsibilities, powers and remits of the Board and sub-Committee.
- 1.5 The financial regulations detail Board, sub-Committee and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management.
- 1.6 Compliance with the financial regulations is compulsory for all governing body members and staff. It is the responsibility of senior management to ensure that all staff are aware of the existence and content of these regulations.
- 1.7 Nothing in these financial regulations will override instructions from or conditions imposed by the Scottish Government, the SHR, the Financial

Reporting Council (FRC), the Financial Conduct Authority (FCA) and any other appropriate statutory organisation or any relevant current legislation. Nothing in the supporting financial procedures or other policies will override the principles embodied in the Regulations.

- 1.8 There are links with other policies and procedures, in particular the financial procedures. As a result, these financial regulations should be read in conjunction with financial procedures.
- 1.9 A review of the financial regulations will take place at least every three years, or earlier if deemed appropriate by the Director or the Board.
- 1.10 A mini audit of adherence to the financial regulations will be undertaken by the Finance Agent annually. Findings will be reported to the Audit, Risk and Staffing sub-Committee for information and action.

2. Definitions

- 2.1 In these financial regulations, the following words and phrases have the following specific meanings:

Director	The lead officer of the Co-operative
Senior Staff	The group comprising the Director, Depute Director and Technical Manager. Occasionally there will be input from the Finance Agent/Senior Finance Officer
Staff	All employees of the Co-operative except the Director and senior staff
The Scottish Housing Regulator	The statutory body responsible for regulation of the housing sector in Scotland
The Financial Conduct Authority	The statutory body responsible for regulation of the UK financial sector
GCC	Glasgow City Council – the strategic housing authority for the City
Financial Year	12-month period from 1 April each year (ending 31 March)

Other terms are defined when they are first used in the financial regulations.

3. Internal financial control

- 3.1 Internal financial control can be defined as the controls established to:
- Provide reasonable assurance of the safeguarding of assets against unauthorised use or disposition.

- Provide reasonable assurance of the maintenance of proper accounting records and the reliability of financial information used in and published by the Co-operative.

Requirement for internal financial control

3.2 In addition to our own need for a documented system of internal controls to achieve the aims set out above, it is a requirement of the Regulatory Advice Notes which are issued by the SHR that we include a statement in our published accounts which:

- Confirms that the Board acknowledges its responsibility for internal financial control
- Includes a description of the key procedures for internal financial control
- Confirms that the Board has, in the financial year, reviewed the effectiveness of the system of internal financial control and reports whether any weaknesses in the system of internal financial control have resulted in any material losses, contingencies or uncertainties which require disclosure in the audited accounts
- Explains that the system cannot provide absolute assurance against material loss or misstatement
- Provides reasons for any non-compliance
- Covers the period between the statement of financial position date and the date the accounts are signed

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

Responsibility for internal financial control

3.4 Responsibility for internal financial control lies with our Board in accordance with the Regulatory Standards. The Board is responsible therefore for ensuring that the control system defined above is in place, is adhered to and is effective. All Board members and staff must adhere to the controls which apply to any situation involving the Co-operative. Day-to-day management and implementation of controls is delegated to the Director and the Finance Agent/Senior Finance Officer and other staff (as outlined in detail within these Regulations).

Key controls

3.5 The Co-operative will at all times maintain the following key controls:

- Management accounts should be prepared quarterly for the Board. The accounts should consider the effect of likely future events on the financial position together with the currently projected financial position of the Co-

operative at the year-end. Cash flow monitoring and covenant compliance will form a part of the management accounts. A copy of the approved budget and quarterly management accounts will be sent to the Co-operative's lender(s) and external auditor as required

- The Co-operative will prepare annually its Report and Financial Statements and arrange for an external audit to be conducted, within three months of the end of each financial year. An external auditor's Management Letter will be presented to the Board at the same time as the draft report and Financial Statements
- A budget for each financial year will be prepared then discussed and approved by the Board before each financial year commences
- Segregation of duties (where possible) will be maintained between initiating, actioning and recording a financial transaction
- All borrowing decisions and changes to banking arrangements will be approved by the Board before being actioned
- All bank transactions will be in accordance with delegated authority levels set out at section 29

3.6 These financial controls are described in further detail in the appropriate sections of these Regulations.

4. Management Board responsibilities

4.1 The Board has ultimate responsibility for all aspects of the Co-operative's affairs. It is responsible for the leadership, strategic direction and control of the organisation and for ensuring it secures good outcomes for its tenants and service users.

4.2 Statute requires the Board to prepare a Report and Financial Statements for each financial year and it is the Board that is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative.

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

4.4 Board members have a duty towards the Co-operative, its shareholders, staff, tenants, other service users and the community in which it operates. They must

therefore seek good quality information and advice at all times and ensure their decisions are based on the same. This advice may need to be sought from external professional advisors where necessary. They must also ensure they have the skills and knowledge they need to be effective in their role. They must at all times seek to identify current and future risks to the Co-operative and plan how they will avoid, manage or mitigate the same.

5. Audit, Risk and Staffing sub-Committee responsibilities

Introduction

5.1 It is good practice for Registered Social Landlords (RSLs) to establish an audit committee; at Drumchapel, this is addressed as part of the Audit, Risk and Staffing sub-Committee. The FRC provides guidance on the role of audit committees in its publication 'Guidance on Audit Committee'. The Audit, Risk and Staffing sub-Committee an independent, advisory sub-Committee of the Co-operative's Board. It is appointed by, and responsible to, the Board. Its main functions are overseeing:

- the accounting and internal control systems
- the external audit function
- the internal audit function
- the management of key risks
- the provision of the annual statement of assurance in respect of financial control systems and
- matters relating to staffing

5.2 The composition of the Audit, Risk and Staffing sub-Committee is as follows:

- Between four and six members, with a quorum being three, and with at least one member with a background in finance, accounting or auditing if possible. The Chair is elected by the sub-Committee. If only one member has a background in finance, accounting or auditing, he/she would normally be the Chair
- The Chair of the Co-operative may not chair the Audit, Risk and Staffing sub-Committee, and vice-versa
- A co-opted member of the Board may not Chair the Audit, Risk and Staffing sub-Committee, and does not count towards the quorum of the Audit, Risk and Staffing sub-Committee
- The Co-operative's Director/Depute Director will attend all meetings but will leave if requested by the Chair. The Co-operative's internal auditor or other parties can be invited to attend a specific meeting, and will receive copies of all relevant papers for that meeting

- The internal and external auditors have a right to access to the Chair of the Audit, Risk and Staffing sub-Committee and may request a meeting without staff present
- The Audit, Risk and Staffing sub-Committee has the right to receive all information it considers necessary from the Co-operative's staff. All information received will be treated as confidential by Audit, Risk and Staffing sub-Committee members

Accounting and internal control systems

5.3 The Audit, Risk and Staffing sub-Committee is responsible for:

- Advising the Board whether an adequate system of accounting and internal control exists and for making recommendations for its improvement. In this, it will be advised by external and internal auditors and the Finance Agent

6. Staff responsibilities

6.1 The Director is responsible to the Board for the implementation of strategic, policy and procedural decisions taken by the Board and the day-to-day management of the Co-operative. The Director is also responsible for the promotion of the organisation and for co-ordinating the activities of senior staff. The Director is responsible for ensuring the Board receives all information and relevant guidance and training which it requires to meet its obligations.

6.2 All senior staff are responsible for ensuring staff members within their section understand their respective roles and responsibilities and for monitoring their performance against the same. They must ensure they and their staff are open about, and accountable for, all they do. They are responsible for the security and control of all assets, cash and materials relating to their section. They are also responsible for managing the financial budgets allocated to their area of responsibility.

6.3 The responsibilities and duties of all staff members will be contained within a suitable job description. The responsibilities and duties of any Agents or service providers are contained within a relevant contract, Minutes of Agreement or Service Level Agreement.

7. Accounting

- 7.1 All accounting policies and procedures of the Co-operative will be determined by the Board in consultation with the Director and Finance Agent. These procedures must take account of statute, regulatory requirements, good practice and current guidance.
- 7.2 The format of the Co-operative's financial records will be determined by the Director in consultation with the Finance Agent and must take account of statute, audit and regulatory requirements, good practice and current guidance.
- 7.3 The allocation of accounting duties should where possible take account of segregation of duties and records should be regularly updated.
- 7.4 All accounting policies of the statute, regulatory requirements, good practice and current guidance will be contained within the annual financial statements and will be reviewed annually as part of the approval of the financial statements. Accounting policies will be reviewed by the Audit, Risk and sub-Committee and recommended to the Board for approval out with this cycle when changes are made.

8. Audit requirements

External Audit

- 8.1 External auditors will be appointed at each Annual General Meeting following a recommendation by the Board and in line with the Co-operative's Rules and current statutory requirements.
- 8.2 Auditors will be appointed following a tendering process. In accordance with good practice, the Co-operative will review its external auditors every three years unless the service level dictates otherwise.
- 8.3 The role of the external auditors must be clearly detailed in an Engagement Letter provided by the external auditor.
- 8.4 Preparation of the Annual Report and Financial Statements will be undertaken by the Co-operative's finance team. A year-end timetable should be completed by the Senior Finance Officer, with input from the Finance Agent, and agreed with the Depute Director/Director prior to being finalised with the external auditors in advance of the year end statutory audit. The Report and Financial Statements must be in the required format and contain the report of the external auditors. In addition, it must contain a Report from the Board to include comment on past and future developments together with a separate Board report on the

systems of internal financial control.

- 8.5 Draft audited financial statements will be presented to the Board for approval and then presented to the members for consideration at the Annual General Meeting – this must be held no later than six months after the end of the financial year.
- 8.6 Final audited and signed accounts will be submitted to the SHR, lenders, **Office of the Scottish Charity Regulator (OSCR)** and to the FCA within the required timescales following the financial year end.
- 8.7 A copy of the auditor's Management Letter and the Board's response to the Management Letter will also be submitted to the SHR within the required timescales.
- 8.8 The external audit functions will be overseen by the Board and in line with good practice the Board may have private session(s) with the external and internal auditor without senior staff, as required.

Internal audit

- 8.9 Internal auditors will be appointed to carry out a rolling programme of reviews of the effectiveness and application of internal controls and procedures, including periodic review of adherence to the financial regulations and financial procedures.
- 8.10 Internal auditors will be appointed by the Board following a tendering process and will be appointed for a maximum of three years (subject to an annual renewal of the appointment).
- 8.11 The annual internal audit programme will be agreed by the Audit, Risk and Staffing sub-Committee based on current risk assessments. The internal audit programme will take account of concerns or recommendations from the Board and senior staff and should be driven by the risk register of the Co-operative.
- 8.12 The Audit, Risk and Staffing sub-Committee will review all internal audit reports and progress reports and will monitor the implementation of all agreed actions within set timescales. An annual report will be presented to the Board.
- 8.13 The internal auditor will have access to all locations, staff, records and physical assets necessary for the performance of their role. Staff will provide the internal auditor with any explanations necessary as part of their review. No limitations will be placed on the scope of their review. Any such limitations will be reported to the Audit, Risk and Staffing sub-Committee as soon as is practical.

- 8.14 The internal auditor may be asked to participate or advise in discussions relating to the formulation and installation of new systems, controls and procedures. Final responsibility for such matters lies with the Board.
- 8.15 The internal auditor may assist in the protection of the assets of the Co-operative by carrying out regular reviews of operations in order to detect system weaknesses, inefficiencies, fraud, misappropriation and losses due to waste or maladministration. Final responsibility for such matters lies with the Board.
- 8.16 The internal auditor will also monitor compliance with the Co-operative's financial regulations and procedures. Final responsibility for such matters lies with the Board.

9. Fraud and other financial irregularities

- 9.1 The external auditor may plan the external audit in order to have reasonable expectation of detecting material misstatements in the financial statements, whether caused by fraud or errors. However, the primary responsibility for the prevention and detection of fraud and errors rests with the Board.
- 9.2 To assist in discharging its responsibilities in this area, the Board should receive directly any reports from the internal auditor on all cases of actual, attempted or suspected fraud or bribery (detected during the normal course of their activities) and consider whether internal controls require to be reviewed.
- 9.3 The Co-operative will encourage any staff member to report any irregularities to the Director or Chairperson of the Board as outlined in the Co-operative's whistleblowing policy.
- 9.4 Any matters arising which involve, or are thought to involve, irregularities concerning cash, property or assets, or any suspected irregularity in the operations of the Co-operative which has or could have a financial impact, will be reported to the Director or, if more appropriate, the Depute Director.
- 9.5 The Director or Chairperson will report any issue involving irregularities in the Co-operative's activities to the Board and to the SHR, if required, as a notifiable event in line with SHR guidance.
- 9.6 The report will be investigated thoroughly by one or more of the senior staff team. The internal auditor or other external specialist resource may be requested to assist in the investigation. Involvement of Police Scotland will be decided upon by the Director/Chairperson or, if it is considered more relevant, the Board.

- 9.7 The Co-operative will maintain a register of all incidents of actual or attempted fraud or bribery. The register will be annually reviewed by the Board and signed by the Chairperson. It will be open at all times to the SHR and to the internal and external auditors.
- 9.8 All matters in relation to fraud prevention, reporting, recording and associated matters are outlined in the Co-operative's fraud policy.

10. Business planning

- 10.1 The Co-operative will have in place a three-year rolling Business Plan document (incorporating statement of comprehensive income, statement of financial position and cash-flow projections) which sets out the strategic direction of the organisation.
- 10.2 The Board is ultimately responsible for the governance and direction of the Co-operative and it is recognised that the business plan should represent a joint understanding by the Board and staff of what the Co-operative wants to achieve, the choices available and the key risks faced by the Co-operative. The business plan will therefore be produced by the Board and the senior staff in consultation with staff, tenants, shareholders and other stakeholders as necessary.
- 10.3 The content of the business plan should recognise and reflect the SHR's Business Planning Recommended Practice for RSLs. It should include:
- Vision and Values
 - Profile of the Co-operative and achievements (including analysis of our customer profile, stock, rents, performance and asset management)
 - Analysis of the Operating Environment (using PEST, SWOT and Risk Analysis)
 - Strategic Objectives
 - Financial Analysis (including scenario planning and sensitivity testing)
- 10.4 On an annual basis, the Director has delegated authority for the preparation of a detailed operational delivery plan for the Co-operative on behalf of the Board, within the framework of the business plan.
- 10.5 The Director will produce an annual timetable to accompany the business planning process detailing the stages, processes and responsibilities in order to achieve the timetable.
- 10.6 The operational delivery plan will include performance targets and KPIs and will feed into the annual budget setting process and the risk management

procedures.

- 10.7 On at least a quarterly basis, progress against targets/KPIs will be reported to the Board. These reports will be supported by the management accounts, other section reports and the risk register to ensure all aspects of the business plan are linked together and operating effectively.
- 10.8 On at least an annual basis the achievement of strategic objectives will be considered and reported to the Board.
- 10.9 The Co-operative will take account of the SHR's Recommended Practice document (2015) on business planning in its business planning process

11. Approach to financial forecasting

- 11.1 The Finance Agent will assist with the preparation of long term financial planning on behalf of the Co-operative. The Director, senior staff and the Board will be involved in the process with the forecasts ultimately requiring approval by the Board.
- 11.2 Long term financial forecasts will be prepared in accordance with timescales noted at clause 11.4 and will be forwarded to all lenders (in line with loan agreements requirements) as well as external and internal auditors for information and consideration as required. Formal feedback will be sought from all parties regarding the assumptions employed and the financial outturns.
- 11.3 The Co-operative will prepare and submit five-year financial projections to the SHR in the prescribed format and within the relevant timescales, which have been presented to and approved by the Board, in accordance with existing guidance from the SHR. A copy of this information will be submitted to lenders and external auditors.
- 11.4 The Co-operative will undertake a review of its long term projections on an annual basis in order to ensure that the projected annual position remains on target with the 30-year statement of comprehensive income, statement of financial position and cash-flow projections. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the business plan document.
- 11.5 The content of the 30-year financial forecasts will include the following information as a minimum:
 - Details of main assumptions employed and sources of information
 - Statement of Comprehensive Income for 30 years
 - Statement of Financial Position projections for 30 years

- Cash Flow projections for 30 years
- Key performance indicators data and peer comparisons
- Covenant compliance schedules
- Appropriate sensitivity analysis
- Schedules for all income and cost information and assumptions
- Supporting narrative to confirm an overview of the projected outturns, any areas for further consideration, any areas of concern and any actions required that flow from production of the final information

11.6 Given the impact that inflation and interest rates may have on the expected financial position, the Finance Agent will seek information from lenders regarding future expected rates for these areas and will discuss these with the Director and/or Depute Director prior to incorporating them into the plan. In addition, any real cost increase assumptions should take account of lender advice. All assumptions made in the forecasts should be reviewed and agreed with the Board.

11.7 The Board will agree an annual timetable to accompany the financial forecasting process and this will take account of:

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

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

12. Annual budget

Preparation, Review and Approval

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

12.2 This annual budget will comprise of:

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

12.3 The budget will be prepared by senior staff and the Senior Finance Officer on a roll over basis each year, taking into account the prior year's budget, year to date variances, zero -based budgeting and any known changes linking to the Business Plan. Senior staff will agree a timetable that will take account of:

- Provision of budget planning information from budget holders
- Review of planned, cyclical and major repairs to be undertaken in line with the 30-year assumptions
- Submission of the completed draft budget to senior staff and budget holders for review and approval
- Submission of an appropriate draft budget to the Board for review and discussion
- Submission of a final budget to the Board – this will take account of any amendments instructed by the Board at draft stage

Budgetary Control

12.4 Once approved, the budget will be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, any Scheme of Delegation and any specific exemptions agreed with the Board. It should be recognised that changes in circumstances may result in changes to budgeted expenditure. Such changes must be approved in the appropriate manner in line with these regulations.

12.5 It is the responsibility of all budget holders to control relevant budgets. Budgetary control will be assisted by production of quarterly management accounts and accompanying narrative reports comparing actual income and expenditure with budget estimates. The senior staff team will report on actual income and expenditure against budget on at least a quarterly basis to both budget holders and the Board.

- 12.6 The Senior Finance Officer, with input from the Finance Agent as required, will ensure that material variances are clearly explained within the narrative supporting the quarterly Management Accounts. Explanations of material variances will be sought from budget holders during the preparation of the management accounts where necessary. The Director, Depute Director or Senior Finance officer will, using their judgement, also highlight any other variances where this is considered appropriate. Notwithstanding, it is the responsibility of individual budget holders to advise the Director and the Board of any material variances once they actually begin to emerge
- 12.7 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 Co-operative at the year-end. Cash flow monitoring and covenant compliance will form a part of the management accounts. A copy of the approved budget and quarterly management accounts will be sent to the Co-operative's lenders and external auditors where required.
- 12.8 In emergency situations, expenditure may be incurred beyond authorisation levels by obtaining the prior approval of the Director or Depute Director (both if possible). Any such expenditure must be reported by the Director to the next meeting of the Board for retrospective approval.
- 12.9 Senior staff should ensure that when reports are issued to the Board, the financial implications of any course of action should be fully detailed.

13. Cash controls

- 13.1 Bank accounts held by the Co-operative, details of authorised signatories and cheque signing details are contained within the Co-operative's detailed Financial Procedures.
- 13.2 Procedures for the receipt of funds are detailed in the Financial Procedures.
- 13.3 A petty cash float not exceeding £500 will be held for the purpose of making small payments and properly authorised expenses. The Senior Finance Officer has day-to-day responsibility for petty cash payments. Detailed petty cash procedures are detailed in the Financial Procedures.
- 13.4 All bank accounts and petty cash accounts must be reconciled to the relevant books of account by the Senior Finance Officer on a monthly basis. These reconciliations will be reviewed and certified as accurate by the Finance Agent.
- 13.5 The Senior Finance Officer will be responsible for the safe custody of all banking documents, including cheques, and cash floats. These should be held within the office safe as set out in the Financial Procedures.

14. Debtors controls

- 14.1 The Co-operative acknowledges the requirement to maximise income collection in order to generate as much income as possible via interest receipts.
- 14.2 Where external funding for projects is made available to the Co-operative, all grant claims must be submitted timeously in order to ensure receipt of funds prior to payment (where allowed) or as soon as possible (in line with grant offer conditions) after payment has been made.
- 14.3 All other sums due and outstanding to the Co-operative will be summarised within the quarterly management accounts. Such sums will include insurance claims outstanding and chargeable repairs.
- 14.4 Procedures relating to rents and other income generating areas will incorporate information on debtor control including the basis for monitoring and reporting sums due.
- 14.5 All amounts considered irrecoverable must be formally reported to and approved by Board before write off. Write off of irrecoverable debts should take place at least annually.
- 14.6 Responsibility for Debtors control within the Co-operative is as follows:
 - (i) Rent arrears, service charges, re-chargeable repairs – Depute Director.
 - (ii) Insurance claims outstanding and all other sums due – Senior Finance Officer.
 - (iii) All other sums due – as per the budget holder.

15. Asset controls

- 15.1 The originals of all title deeds will be held in secure storage by the Co-operative's solicitors or bankers. The Finance Agent/Senior Finance Officer will maintain a register of all title deeds and will confirm to the Board on an annual basis that all title deeds are properly held.
- 15.2 The Co-operative will maintain a fixed asset register detailing all furniture, fittings and equipment and other items classed as capital assets, owned by the organisation. The register should detail acquisition date, disposal date, estimated useful life for depreciation purposes and cost. In addition, copies of invoices relating to each asset purchased will be contained within the register, which may be held in electronic format.
- 15.3 The Co-operative will undertake annual reviews of the register to verify continued ownership and existence of these fixed assets. This task will be

undertaken by the Senior Finance Officer with support from the Finance Agent if required.

- 15.4 Equipment maintenance contracts and leasing contracts will be entered into for such fixed assets as appropriate and a separate register will be held by the Co-operative. Details to be inserted on these registers include service provider, start date, termination date and asset being maintained/leased and cost. This register will be updated on a quarterly basis by the Senior Finance Officer and may be held in an electronic format.
- 15.5 Details of any asset/equipment disposals, including details of sums received (if applicable), will be reported to and authorised by the Board.
- 15.6 The Depute Director will ensure a register of all properties owned by the Co-operative is maintained and kept up to date. The housing properties register will ensure the Co-operative complies with the requirements of component accounting. The current housing register used by the Co-operative will be known as the component accounting spreadsheet. This holds records of all housing assets by phase, split into relevant components. Component and property replacements and disposals, along with depreciation charges of housing property assets will be updated on the Real Asset Management software in a timely manner. Copy invoices for all replacements will be kept in a file by the Senior Finance Officer. These tasks will be undertaken by the Senior Finance Officer on a monthly basis. These updates and the resultant monthly/annual journal will be reviewed as accurate by the Finance Agent.

16. Procurement, contracts and tendering

- 16.1 All works, goods and services will be procured in accordance with the terms of the Co-operative's procurement policy.
- 16.2 Where necessary, quotations or tenders for works, goods or services will be obtained, according to the financial limits as detailed in the procurement policy.
- 16.3 Entering contracts and placing orders for works, goods and services will be in accordance with current procedures, in particular the approved budget limits and section 29 – Authorisation Levels.
- 16.4 Where contracts for new-build or maintenance projects, or for annual services, provide for payment to be made by instalments, the relevant officer will keep records detailing the position of accounts on each contract, together with any other payments and the related professional fees which will be verified by Senior Finance Officer.
- 16.5 Payment to contractors, whether on account or the final account, will be made in

accordance with the financial procedures. The Depute Director/ Senior Finance Officer will meet regularly with the appropriate officer to monitor expenditure on contracts.

- 16.6 The Board will be provided with quarterly updates on the progress of all major contracts, including a summary of the position of accounts on each contract.
- 16.7 The Co-operative will take account of EU Procurement thresholds as appropriate. When required and following approval by the Board a procurement consultant may be used to ensure the Co-operative complies with all applicable Procurement legislation and requirements.

17. Annual maintenance programme

- 17.1 As part of the financial planning process, the Technical Manager with appropriate support will prepare an annual maintenance and improvement programme. This will itemise the works to be carried out in the next financial year, analysed between reactive and planned maintenance.
- 17.2 Approval of the budget by the Board will constitute authority for the relevant staff to proceed with the work set out in the annual maintenance and improvement programme in accordance with the requirements of section 16 Procurement, Contracts & Tendering and section 29 Authorisation Levels.

18. New build housing development

Site Investigation

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

Development Agents

- 18.2 The Co-operative will appoint suitably experienced Development Agents to assist in pursuing development opportunities and carry out development administration work. Should the Co-operative directly employ its own specialist development staff, the responsibilities ascribed to the Development Agent would be taken over by those staff.

Scheme Agreement

- 18.3 The Development Agent will be responsible for preparing a project proposal for

submission to GCC. As part of this process, the Finance Agent will prepare a full scheme and financial appraisal including a cash flow analysis and an estimate of rental income and private finance required. The Development Agent will carry out any necessary negotiations with GCC on the project proposal and will liaise with the Finance Agent to agree the housing association grant (Affordable Housing Supply Program Grant Claims (AHSPG)) target. The Board must approve the project proposal.

Acquisition

- 18.4 The acquisition of any land or property is subject to Board approval. Once this approval is received, the Development Agent will prepare the HAG Acquisition claim, in liaison with the Finance Agent, and submit this to GCC two weeks in advance of the proposed settlement date. The Finance Agent will be responsible for ensuring that the necessary monies are available at settlement.

Private Finance

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

Approved lists

- 18.6 The Board will have in place an approved list of design team consultants and an approved list of contractors for development projects through the Development Agent's Framework Agreement.

Tender stage

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

Progress monitoring reports

- 18.8 Once the development project is on site, the Development Agents will provide progress reports to each Board meeting until full completion. The Finance

Agent will ensure that details of the reported financial position are reflected in the quarterly management accounts.

Invoices and Payment Certificates

- 18.9 All invoices and payment certificates relevant to the development project will be properly checked by the Development Agent and authorised for payment by the Technical Manager. The Senior Finance Officer will arrange payment in line with the Co-operative's payment procedures set out in section 29 Authorising Levels.

Affordable Housing Supply Program Grant Claims (AHSPG)

- 18.10 The Development Agent will submit claims for Affordable Housing Supply Program Grant Claims (AHSPG) in line with the scheme and programme agreements. The Development Agent will prepare all claims and these must also be signed and submitted by an authorised signatory of the Co-operative.

19. Books, registers and computer data

- 19.1 As a minimum requirement the following books and registers must be maintained by the Co-operative:

Books and Registers	Responsible Staff Member
(a) Cashbook	Senior Finance Officer
(b) Petty Cash Book	Senior Finance Officer
(c) Nominal Ledger	Senior Finance Officer
(d) Purchase Ledger	Senior Finance Officer
(e) Sales Ledger	Senior Finance Officer
(f) Payroll Records	Senior Finance Officer
(g) Fixed Asset Register (housing)	Senior Finance Officer
(h) Fixed Asset Register (other)	Senior Finance Officer
(i) Rent Ledger	Senior Finance Officer
(j) Office Inventory	Depute Director
(k) Register of Disposals	Director
(l) Register of Frauds and Bribery	Director/Depute Director
(m) Register of Payments & Benefits	Director/Depute Director
(n) Register of Interests	Director/Depute Director
(o) Register of Members	Director/Depute Director
(p) Register of Gifts & Hospitality	Director/Depute Director
(q) Complaints Register	Depute Director
(r) Tender Register/Receipt Book	Senior Finance Officer
(s) Seal Register	Director/Governance
(t) Register of Loans	Senior Finance Officer
(u) Register of Title Deeds	Finance Agent

- 19.2 Responsible staff member refers to individual having responsibility for maintenance of and administration relating to each register. This responsibility may be delegated to another staff member by the responsible staff member.
- 19.3 All such books and registers together with other relevant papers or information may, where appropriate, be kept in an electronic format and must be securely stored when not in use.
- 19.4 In conducting its operations, the Co-operative must seek to comply with all aspects of the General Data Protection Regulations (GDPR). All such matters are the responsibility of the Director.
- 19.5 The Co-operative's IT Co-ordinator is the Depute Director with support from the Senior Finance Officer and external IT support company. The system administrator is currently the Senior Finance Officer.

20. Security

- 20.1 All senior staff are responsible for maintaining proper and adequate security at all times for buildings, furniture, equipment, and other assets, and any cash under their direct control. The Director is responsible for overall security and any risks to the Co-operative must be notified to the Director immediately.
- 20.2 Access to computer systems must be restricted by the appropriate use of passwords etc. which should never be shared. A formal password policy should be in place and enforced and be contained within the Co-operative's Data Protection and Access to Personal Information policy.
- 20.3 The Director will ensure that there are adequate systems in place covering the security and use of all data (personal and sensitive information) relating to applicants, tenants, members of staff, contractors and of the public held either in electronic or paper format, to comply with the GDPR.
- 20.4 Current office key holders are all permanent members of staff. The Co-operative has CCTV coverage of the full building and retains video footage for one week. Video recording equipment and hard drive are located in the locked server room, the key to which is held by the Director/Depute Director.
- 20.5 The petty cash box will be held in the office safe at all times unless in use.

The secured rent cash box will be emptied daily and the monies transferred to the safe and kept in a locked cash box. The keys to each box are held by the Senior Finance Officer in a locked drawer.

20.6 Access to the safe is restricted to:

- Director
- Depute Director
- Technical Manager
- Senior Finance Officer

20.7 The safe is accessed via a combination code. This will be changed on at least a quarterly basis by the Senior Finance Officer and communicated to all authorised staff.

20.8 Under no circumstances should other staff members be given access to the safe, told the safe combination code, or retain possession of the petty cash or rent box keys. In all cases petty cash and rent box keys must be retained in the possession of the authorised staff member who, under no circumstances, should leave keys unattended.

20.9 A register will be maintained of all items held within the safe. Documents should be signed out when removed by an authorised member of staff and signed back in when returned. A regular check should be made by the Senior Finance Officer to ensure all items are present in the safe.

20.10 Any cheques received by incoming post should be recorded on an incoming mail register, and passed to the Senior Finance Officer to review and verify.

20.11 The loss of office, property or petty cash keys must be notified to the Director or Depute Director immediately.

21. Insurances

21.1 The Senior Finance Officer will affect all insurance cover on behalf of the Co-operative subject to senior staff confirming cover requirements. Due to EU Procurement rules the use of a specialist consultant may be required. The appointment of this consultant will be approved by the Board.

21.2 All senior staff of the Co-operative will advise the Senior Finance Officer by email of events likely to result in a change to the Co-operative's insurance requirements.

21.3 The Senior Finance Officer, in consultation with the Director, will review all insurances during the year and report to the Board thereon.

- 21.4 The submission of all non-housing property insurance claims is the responsibility of the Senior Finance Officer. Submission of housing property insurance related claims is the responsibility of the Maintenance Officer.
- 21.5 The Employer's Liability Insurance Certificate will be displayed in the public reception area for each place of business.
- 21.6 The Co-operative will ensure, prior to contracts commencing, that written agreement is received from external contractors that they will insure and take responsibility for all works in progress. A copy of the insurance cover in place must be received by the Maintenance Officer of the Co-operative in advance of such works commencing.

22. Risk management

- 22.1 The Co-operative's approach to managing risk is detailed within the risk management methodology policy.
- 22.2 All current activities and proposals for new activities will be subject to risk assessment.
- 22.3 Where potential risks are identified the activity will be included in the current risk matrix together with measures to manage, avoid or mitigate the risk.
- 22.4 The Director will provide a report and the current risk matrix to the Audit, Risk and Staffing sub-Committee at each meeting to update on the key strategic risks to the Co-operative and how they are being managed.

23. Value for money

- 23.1 The Co-operative will seek to obtain value for money in terms of any fixed asset investments, its contractual commitments and in its day-to-day operational activities. Returns on investments will be managed in line with the Treasury Management policy.
- 23.2 The selection of an appropriate method of procurement, the use of tendering procedures, the selection of appropriate financing options and a balancing of quality and cost or other appropriate cost benefit analysis will be undertaken by the Co-operative in its decision-making process.
- 23.3 The Co-operative has a value for money statement and this is reviewed annually in order to ensure the continuing safeguarding and promotion of tenants' interests.

24. Treasury management

- 24.1 The Co-operative will base its Treasury Management Policy on the recommendations of the Code of Practice on Treasury Management (2017 edition) issued by the Chartered Institute of Public Finance and Accountancy.
- 24.2 The Co-operative will maintain as the cornerstone for effective treasury management:
- A treasury management policy statement stating the policies objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the Co-operative will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- 24.3 The content of the policy statement and TMPs will follow the recommended practice contained in sections 6 and 7 of the code, subject only to amendment where necessary to reflect the particular circumstances of the Co-operative. Such amendments will not result in the Co-operative materially deviating from the Code's key principles.
- 24.4 All investment of funds or arrangements for seeking and managing private finance will be undertaken in accordance with the Co-operative's Treasury Management Policy.
- 24.5 Day-to-day operation of the policy will be delegated to the Director and Depute Director, subject to any exceptions as set out in the Treasury Management Policy.
- 24.6 The Senior Finance Officer or Finance Agent will report to the Board on borrowing and investments on an annual basis, or more frequently if required, as specified in the Treasury Management Policy.

25. Travel, subsistence & other allowances

- 25.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be authorised and paid in accordance with the Co-operative's policies and procedures on board expenses and staff expenses.
- 25.2 All claims for payments of travel, subsistence and other expenses will require to be authorised in accordance with the current Financial Procedures.

26. Entitlement, payments & benefits policy

- 26.1 The giving and receiving of gifts and hospitality will be in accordance with the Co-operative's Entitlements, Payments & Benefits policy.
- 26.2 All Board members and staff will ensure that they declare any interest with regards to any aspect of the Co-operative's activities as required by the Rules and all regulatory requirements. The Director will maintain the Register of Interests in accordance with the Co-operative's policy document.

27. Donations

- 27.1 The Co-operative's approach to donations is detailed within the Donations Policy.
- 27.2 Approval of donations must be in accordance with the delegation levels set out in Section 29 – Authorisation Levels.

28. Benchmarking and performance analysis

- 28.1 The Co-operative's Director will ensure that reports will be submitted to the Board on the following frequency/areas:

After each quarter end

- Management accounts including budget performance, loan covenant results and relevant financial ratios
- Operational performance against targets and KPIs
- Progress with annual delivery plan

Annually

- Comparison of results with SHR published ratios and statistics
- Annual Return on the Charter (ARC) and benchmarking results against peer and local RSLs

The Board may consider issues arising from the above in greater detail.

- 28.2 All senior staff are responsible for the provision of information attaching to their department in line with an agreed timetable confirmed by the Director and included within the annual delivery plan. Senior staff when providing relevant data or statistics summaries will have available the detailed calculations or file attachments that represent the source of the summary data or statistics provided. The Director or a delegated representative will review relevant information

provided in order to ensure accuracy and consistency of reporting before presenting to the Board.

29. Authorising levels

29.1 Only those staff with the delegated authority to do so will incur an expenditure commitment or authorise a payment. No payments will be made by the Senior Finance Officer unless the payment has been checked and signed off by those with the appropriate authority.

29.2 The Board approves budgets prior to the beginning of the financial year and staff have delegated authority to spend within these budgets subject to Standing Orders and the current Scheme of Delegated Authorities.

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

- a) Taking on the commitment to spend
- b) Certification that the expenditure is arithmetically correct
- c) Approving the invoice after goods or services received

Responsibility for parts b) & c) above are set out within the Financial Procedures.

29.4 Approval of Commitment to Spend (including entering contracts)

a)	Up to £10,000	Depute Director
b)	Up to £15,000	Director
c)	Over £15,000	Board

i) Capital expenditure (properties)

a)	Purchase of a property	Board
b)	Development spend within approved contract sums	Technical Manager/Director
c)	Component replacement spend within approved contract sums	Technical Manager/Director
d)	Contract variations up to £10,000	Director
e)	Contract variations over £10,000	Board

ii) Staff appointments, salaries and staff costs

a)	New posts/new appointments	Board
b)	Temporary contracts	Director
c)	Salary reviews	Board
d)	Staff expenses	Director/Depute Director

e)	Board expenses	Director
f)	Depute Director expenses	Director
g)	Overtime	Director/Depute Director/Board
h)	Overtime Depute Director	Director
i)	Redundancies/settlements	Board

iii) Property management costs

a)	Repairs & Maintenance up to £1,000	Asset Management Officer
b)	Repairs & Maintenance up to £2,500	Maintenance Officer
c)	Repairs & Maintenance up to £5,000	Technical Manager/Depute
d)	Repairs & Maintenance up to £10,000	Director
e)	Repairs & Maintenance over £10,000	Board

iv) Information Technology, Office Administration & Other General Expenses

a)	Up to £250	Customer Service Advisor
b)	Up to £500	Finance Officer
c)	Up to £1,000	Senior Finance Officer
d)	Up to £5,000	Depute Director
e)	Up to £10,000	Director
f)	Over £10,000	Board

i) Housing Management

a)	Legal Fees per case up to £1,000	Housing Officers
b)	Welfare benefit services cost up to £500	Housing Officers
c)	Tenancy Sustainment Fund up to £1,000	Senior Housing Officer/Housing Officer
d)	All costs up to £5,000	Depute Director
e)	All costs up to £10,000	Director
f)	All costs over £10,000	Board

vii) Donations

a)	All	Board
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The above individuals have the same authority levels for authorising invoices for payment.

30. Authorised signatories

30.1 The following is the list of signatories authorised to act in each area:

BACS Payment List	
Prepared by	Senior Finance Officer
Authorised by	Director or Depute Director
BACS Payment (Online) Banking)	
Prepared by	Senior Finance Officer
Authorised by	Any two of the bank mandated authorised signatories
Cheque Payments	
Prepared by	Senior Finance Officer
Authorised by	Any two of the bank mandated authorised signatories
Grant Offers	
Authorised by	Director or Depute Director or Office Bearers
Grant Claims	
Prepared by	Senior Finance Officer
Authorised by	Director or Depute Director
Private Finance Drawdown	
Prepared by	Senior Finance Officer
Authorised by	Director or Depute Director or Office Bearers

30.2 A copy of all sample signatory must be retained by the Senior Finance Officer and these should be used to verify signatures and should be updated any time there is a change of authorised staff/agents.

31. Budget holders

31.1 The following is the list of budget holders responsible for each area of budget:

Director / Depute Director	Employee Costs Consultants Advertising & Promotion Board Expenses Staff Recruitment Donations General Legal fees Other Fixed Assets IT New Build Projects Staff/Board Training Subscriptions Tenant Participation Wider Action Equipment Purchase/ Leasing/ Maintenance Bad Debts
Technical Manager	Component replacement Costs Reactive Maintenance Void Costs Major Repairs/ Cyclical Maintenance Estate Management Office Repairs
Senior Finance Officer	General Expenses Audit Fee (Internal & external) Rent & Rates Heat, Light & Cleaning Insurance Printing & Stationery Postage Telephones Loan Payments Bank Charges Staff Uniforms
Senior Housing Officer	Housing Legal Fees Welfare Benefits Tenant Sustainment Fund

Any budget area not covered by the above will be the responsibility of the Director unless expressly delegated to another member of staff.

32. Group structures

- 32.1 In certain circumstances, it may be advantageous to the Co-operative to establish subsidiaries as part of a group structure to undertake services on its behalf.
- 32.2 The Board is responsible for approving the establishment of group structures and subsidiaries and the procedure to be followed in order to do so.
- 32.3 It is the responsibility of the Board to establish the shareholder arrangements and appoint directors of companies wholly or partly owned by the Co-operative.
- 32.4 The directors of any subsidiary companies must submit an annual budget/ business plan and report to the Co-operative parent Board for approval.

33. New projects

- 33.1 Prior to committing the Co-operative to any new projects or activities a full options appraisal, risk and financial assessment will be carried out and reported to the Board for consideration and approval.
- 33.2 In the event that a new project or activity results in a net financial loss to the Co-operative then the overall impact on the Co-operative's long term financial projections requires to be considered and reported on as part of the overall assessment report.
- 33.3 External specialist and legal advice will be taken where appropriate.

34. Amendment of financial regulations

Authority to amend Financial Regulations

- 34.1 Only the Board has authority to make changes in the Co-operative's Financial Regulations.

Reasons for change

- 34.2 Amendments to Financial Regulations may be required for the following reasons:
 - Changes in statute, regulatory guidance, rules, standing orders, or delegated authorities which contradict or otherwise require a change in the Financial Regulations;
 - Recommendations from Internal or External Auditors; or
 - Operational experience of the Co-operative.

Source of amendment

- 34.3 Amendments to the Financial Regulations may be proposed to the Board by:
- A Board member
 - The Director
 - The Depute Director
- 34.4 Board members must receive a report clearly articulating the proposed change(s) and why the changes are being sought.
- 34.5 Amendments to the Financial Regulations are subject to the usual Board voting procedures as set out in the Standing Orders. Any amendments approved have immediate effect unless the Board resolves otherwise.

35. GDPR Privacy Statement

- 35.1 The Co-operative will gather and use certain information about individuals in accordance with GDPR. Staff members have a responsibility to ensure compliance with the terms of the privacy policy and to collect, handle and store personal information in accordance with relevant legislation. The Fair Processing Notice (FPN) details how personal data is held and processed.

Staff and Board declarations

Please sign below that you have read and understood the Financial Regulations

[illegible]

[illegible]