FINANCIAL PROCEDURES

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Craigdale Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

CRAIGDALE HOUSING ASSOCIATION LTD

Financial Procedures

1.	Introduction
2.	Regulatory Standards
3.	Principles, Aims and Objectives of this Policy
4.	Budget Process
5.	Tendering Procedure
6.	Loan Agreement Compliance
7.	Receipt of Monies
8.	Invoices/Orders
9.	General Ledger
10.	Cheque/BACS Payments
11.	Credit Card
12.	Petty Cash
13.	Salaries/Expenses
14.	Board Expenses
15.	Maintenance/Repairs
16.	Insurance Claims
17.	Recharge Invoices
18.	Component Accounting
19.	VAT
20.	Equal Opportunities
21.	Review Date

1.0 INTRODUCTION

1.1 In order to facilitate the efficient and effective operation of the Association in matters relating to finance and minimise risk in accordance with our Risk Management Policy, a series of financial controls have been established. This is also to ensure compliance with Standard 3 of the Scottish Housing Regulator ('SHR') Regulatory Standards of Governance and Financial Management.

1.2 These procedures incorporate basic elements of financial control which exist in most organisations as well as those which may be particular to this Association.

1.3 It is in the interests of the organisation that these controls are made known and are adhered to by both Staff and Board members. All Staff and Board members will be made aware of these controls and are expected to comply. Awareness of these controls will form part of the induction for new Staff and Board members.

1.4 These procedures shall be reviewed and updated as necessary on an annual basis by the Finance Agent/Corporate Manager in conjunction with the Senior Management Team and any amendments shall be considered and approved by the Board.

1.5 The Association must ensure that, where records of a financial nature are kept outside the finance section, consultation is held with the Finance Agent and an agreement reached that ensures the manner in which records are kept is appropriate for audit purposes.

1.6 In addition, consultation with the Finance Agent and Chief Executive Officer must take place for all transactions which have (or may have) a material financial effect, including any maintenance, purchase or leasing agreements.

1.7 It is essential that the Finance Agent and Chief Executive Officer be notified immediately of any event which has, or may have, material financial implications for the Association.

1.8 In the event of failure to follow agreed procedures, action may be taken against the offending individual(s) under the Association's disciplinary procedures or Code of Conduct (for Board and Staff Members).

2.0 REGULATORY STANDARDS

2.1 Scottish Housing Regulatory Standards of Governance & Financial Management

Standard 2

The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.

Standard 3

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

Standard 5

The RSL conducts its affairs with honesty and integrity.

3.0 PRINCIPALS, AIMS AND OBJECTIVES OF THIS POLICY

3.1 The Association has a clear commitment to continuous improvement and to the exploration of new ideas in all areas of its work. The objectives of this procedure are to ensure that an effective system of internal control, not only for financial matters, but for the organisations policies and procedures for the business as a whole.

3.2 The need to have effective and efficient internal controls in place to assist the Association in achieving its strategic and operational objectives.

4.0 BUDGET PROCESS

4.1 The value of the budget statement as a management tool should be recognised and under no circumstances should the organisation be operating without a comprehensive budget document.

4.2 In preparing the budget statement appropriate consultation and discussion with all sections of the organisation must take place and guidance from the Scottish Housing Regulator must be recognised and considered.

4.3 The budget setting process must allow adequate input from all sections within the Association. The Finance Agent shall issue a formal and detailed budget information request in September/October of each financial year to budget holders. The Chief Executive Officer has responsibility for co-ordinating the supply of information to the Finance Agent within agreed timescales.

4.4 Budget holders have been determined across the Association. Budget holders are responsible for providing detailed information to inform the annual setting of budgets. They are also responsible for monitoring actual income and expenditure against their allocated budget codes, and providing detailed information to the Finance Agent with regards any significant variances.

4.5 The Board shall consider a draft budget for the year in January of each year, also approving the indicative annual rent increase at that point, and then approving the final budget document in February/March of each year. The final budget document approved for the year must contain appropriate supporting narrative, including details of main assumptions employed, material changes from the previous year, appropriate ratio analysis, covenant compliance review and detailed cash flow projections.

4.6 On completion of the annual budget a copy shall be sent to the external auditor and all funders.

4.7 Budget variance reports forms part of the management accounts and shall be issued monthly to the Senior Management Team. The Senior Management Team are expected to formally explain variances to the Finance Agent to allow the preparation of the quarterly management accounts and related Committee report.

4.8 The Senior Management Team should be aware of the budgets within their control and should have in place effective tools for managing their budgets throughout the year. Any requirements to exceed a budget should be drawn to the attention of the Chief Executive Officer immediately and a report submitted to the Board for approval.

4.9 Management accounts will be prepared on a quarterly basis and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to the Board with the covering report issued within the management accounts.

4.10 The quarterly management accounts should include the effect of likely future events on the financial position together with details of the currently projected financial position of the Association at the year-end. In the event of a material adverse change in expected outcomes a revised annual budget may be required to be prepared.

Budget Setting Timetable: Budget Request issued to Senior Management Team and Budget Holders	September/ October
Budget Information Submitted to Finance Agent	November
Executive Team meet to discuss draft budget	December
Draft Budget to Board Tenant Consultation	January Dec/Feb
Final Budget updated to reflect any changes and rent increase decision and formal approval by the Board	February /March

5.0 TENDERING PROCEDURE

5.1 All matters in connection with the above will be undertaken in line with the Association's Procurement Manual

6.0 LOAN AGREEMENT COMPLIANCE

6.1 In order to ensure the proper monitoring of compliance of the Association's loan agreements with its lenders the following clauses and their contents must be noted:-

- Information
- Covenants
- Valuations
- Default

6.2 The Association's Finance Agent shall have the responsibility for ensuring the monitoring and submission of financial information to the Chief Executive Officer and the Board including: budgets, quarterly management accounts, annual accounts, covenant monitoring and revision of long-term projections.

6.3 All Senior Management Team and Board members of the Association have a duty of responsibility regarding full awareness and adherence to the terms and conditions of all Loan Agreements with its lender.

7.0 RECEIPT OF MONIES

7.1 The Finance Agent will ensure that appropriate processes are in place for the timely and accurate recording of all monies due to the Association.

7.2 All cheque and cash receipts should be passed to Corporate Manager for recording and forwarding to the Bank.

7.3 All cheques should be entered in the incoming mail register.

7.4 All Payments made to the office in cash/cheque will be received by two members of staff, counted out in the presence of the customer, signed by the receiving member of staff, customer and countersigned by the second staff member with a receipt being issued to the customer.

7.5 Upon receipt the receiving member of staff will place the cash received in the safe which is located in the corporate office.

7.6 Banking will be carried out at least monthly but will depend on total amount of cash and cheque receipts. If cash alone exceeds £2000 then same day banking will apply.

7.7 The Corporate Manager should enter all income payments received into the bank payment spreadsheet and reconcile payments with the receipts book held in reception. All payments should then be countersigned by either the Senior Housing Officer or Housing Officer. In their absence the Chief Executive Officer will carry out this duty.

7.8 All cash and cheques received should be forwarded to the bank as soon as possible, thereafter, being recorded in the Association's Cash book and coded to the appropriate financial ledger account.

7.9 No monies should be received out-with the office except in exceptional circumstances by prior arrangement and must be witnessed. A duplicate receipt or acknowledgement should be issued from the Association's office as soon after the transaction.

7.10 Cash or cheque payment will be accepted for rent, factoring and rechargeable repairs at the office.

8.0 INVOICES/ORDERS

8.1 Only those with appropriate delegated authority as set out in the Financial Regulations have the authority to request non-maintenance orders or issue maintenance orders, within their set limits.

8.2 When non-maintenance goods are ordered supporting documentation, i.e. a confirmation e-mail, delivery note should be forwarded to the Finance Agent to hold pending receipt of the invoice. When the invoice is received this will be matched with the appropriate delivery note and checked to see if it agrees with the delivery note.

8.3 The majority of invoices are now received electronically and sent direct to Finance Agent. In the event that papers invoices are received at the office they shall be date stamped and scanned to the Finance Agent to be processed onto SDM by the Corporate Team. However, if any emails are sent direct to a Staff Member these should be forwarded onto the Finance Agent immediately.

8.4 All invoices will be processed onto SDM Purchase Ledger by the Finance Agent, and a unique reference number will be generated by SDM. Once this task has been completed the Finance Agent will raise an authorisation email to the relevant Staff Member to approve the invoice.

8.5 Authorising invoices has two steps first a Staff Member will review the financial accuracy and application of the correct VAT rate. They will check that the correct nominal code has been applied. If satisfied that the invoice is correct the Staff Member can approve the invoice. Second step, involves a Senior Staff Member checking the invoice and authorising. All invoices require two Staff Members to authorise the invoice prior to payment, both Staff Members should check the accuracy of all invoices that they are approving.

8.6 If for any reason a Staff Member queries an invoice, they should place a short note in the details box with and a more detailed explanation in the invoice diary and tick the Payment Held box until the query has been resolved. If a Credit Note is due the invoice should not be released for payment until the Credit Note has been received.

8.7 The Purchase Ledger should be checked regularly ensure that invoices are approved timeously.

8.8 All maintenance orders shall be supported by a repair line issued on SDM. Invoices received in respect of repair related expenditure shall be matched with a copy of the repair line and be approved and authorised for payment in line with delegated authority limits. All repair lines should be closed down within the SDM Repairs & Maintenance prior to authorising invoice.

8.9 A list of approved maintenance suppliers is approved by the Board. This is called the Reactive Framework which is generally awarded for a 4-year period (1+1+1+1). The contract will be reviewed annually and if review satisfactory an additional year will be awarded. The Framework will then be procured halfway through Year Four for new contract to commence at the end of Year Four. Goods and services should be ordered from the approved Framework wherever possible. Approval from the Chief Executive Officer should be sought where a non-approved supplier is to be utilised.

8.10 The Finance Agent will process all invoices approved for payment by budget holder unless there are any discrepancies highlighted.

8.11 Where a statement is received from a supplier step will be taken to identify any outstanding invoices for payment or any issues with payment and this will be communicated to the supplier.

9.0 GENERAL LEDGER

9.1 Required journals shall be posted in a timely manner by the Finance Agent.

9.2 Cash book postings are made at least on a monthly basis to reflect receipts and payments, including those paid via standing order and direct debit, and inter account bank transfers.

9.3 Suspense accounts are investigated and cleared in a timely manner at least once a month.

9.4 Monthly reviews or reconciliations will be carried out on all balance sheet accounts by the Finance Agent.

10.0 PAYMENTS OF EXPENDITUREH

10.1 The Association pays its suppliers on a two-weekly basis. This will be performed by the Finance Agent or the Corporate Manager in the absence of the Finance Agent. Where possible the payment should be made by internet banking payments.

10.2 The person performing the payment will first review the SDM purchase ledger to identify all invoices due to be paid before the next payment run. They will also ensure that all identified invoices have been appropriately authorised in accordance with the Financial Regulations.

10.3 The person making the payment will run the SDM purchase ledger payment report, the bank's BACS payment sheet. This will be done in line with the Association's cheque / BACS mandate with the bank.

10.4 The authorisation of payments will be carried out by the Corporate Manager they will check the SDM Prepayment List Report against the Bank payment list to ensure that all totals match and any discrepancies should be reported to the Finance Agent immediately. Once checks have been completed an email is sent to the Chief Executive Officer confirming that the checks have been completed. The Chief Executive Officer will check and send an authorisation email to the Finance Agent to confirm payment. The Corporate Manager will check the bank statement to ensure that totals match the prepayment list report and bank payment list.

10.5 The Finance Agent will pay all authorised payments through Internet Banking and the Chief Executive Officer or in her absence the Corporate Manager will authorise the payment through Internet Banking.

10.6 If a payment is required to be made by a cheque then a cheque payment request is completed together with supporting documentation. At this stage the invoice is already authorised and the payment and cheque is presented for the payment itself to be authorised. The cheque payment request should be signed by the individual authorising payment in order to confirm that the payment request form matches the supporting documentation and payment can therefore be made.

10.7 Cheques should be issued to the payee together with a remittance advice taken from SDM confirming payment details. Internet Banking payees should receive a remittance; this will be generated from SDM and emailed by the Finance Agent.

10.8 Cheques issued should run in numerical order.

10.9 In the event that no invoice is available e.g. petty cash, rent refund etc., a completed Cheque/Internet Banking request voucher must be available and be fully authorised in accordance with the invoice procedures. It is the responsibility of the Officer requesting payment to complete the Cheque/Internet Banking request voucher.

10.10 The Association currently operates the following bank accounts:

Bank	**Bank A/c Name**
BOS	Business Account
BOS	Rent Account
BOS	Factoring Account
BOS	Investment Account
Lloyds TSB	Allpay receiving accounts for the Rent Account

10.11 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment should normally be made within 30 days of invoice date/date receiving invoice.

10.12 In the event of the Association being notified of a change of bank details, the Corporate Manager will be responsible for ensuring that the request is legitimate. The Corporate Manager will phone the creditor using existing contact details, rather than any provided at time of notification to verify verbally that change of bank details is authenticate. Any discrepancies will be reported immediately to the Chief Executive Officer, or the Finance Agent.

11.0 CREDIT CARD

11.1 The Association has a MasterCard account with the Bank of Scotland which is held by the Corporate Manager. The card has a maximum spend limit of £2,500.00.

11.2 The credit card is held for use in limited circumstances. Any item which can be purchased through the Invoices/Orders system described at section 6 above should be purchased in line with this procedure. All items purchased by credit card should be for business purposes. Purchases on the credit card will be reviewed at least monthly by the Finance Agent to identify whether this principle has been adhered to.

11.3 The credit card limit of £2,500 shall be reviewed on an annual basis and adjusted if considered necessary. Changes to the credit card limit must be justified to and approved by the Board.

11.4 The credit card shall be held within the Association's offices, in the petty cash tin within the safe. It shall only be removed overnight if the Chief Executive Officer authorises its removal for business purposes or evening meetings.

11.5 The credit card has a Payment Record Sheet which is kept Y:Finance\Excel\2023-24 (or the appropriate finance year). Whenever use of the card is requested the individual must explain to the cardholder the purpose of its use and must be able to provide back-up for the transaction. If satisfied the cardholder will make the payment and the cardholder will sign the Payment Record Sheet. Supporting documentation must be provided and given to Finance Agent for subsequent matching with the statements.

11.6 When the monthly credit card statement is received, all transactions will be matched with the Payment Record Sheet. Where there is a transaction on the statement that does not match the Payment Record Sheet this must be queried immediately with the credit card holder and if unresolved reported to the Finance Agent in the first instance. The Finance Agent will investigate the matter and if still unresolved report the matter to the Chief Executive Officer or Chairperson as deemed appropriate.

11.7 There should be no circumstances under which the credit card is used in error and for any other purpose than in relation to business for the Association. Any such occurrence must be formally reported to the Board and disciplinary action may be taken.

12.0 PETTY CASH

12.1 The petty cash tin will be the responsibility of the Corporate Manager. When not in use the petty cash tin will be locked and kept in the safe which is also locked when not in use. It will be the responsibility of the person maintaining the petty cash to review the level of cash in the tin and to arrange at an appropriate time for it to be topped up.

12.2 All requests to reimburse the petty cash should be made through a cheque request form, with the cheque signed by two authorised signatories in accordance with the cheque signing procedures.

12.3 The use of petty cash should be restricted to small sundry items which cannot be purchased through the normal invoicing procedures. Examples of such items would be:

a. Void Gas/Electricity top ups limited to a maximum of £100 per household. Were possible the credit card to be used.
b. Reimbursement of small sundry expenses such as tea, milk and biscuits, up to a maximum of £25.
c. Reimbursement of sundry travel or overnight expenses where it is not practical to claim them through the payroll, up to a maximum of £50.
d. Other small sundry expenses up to a limit of £50.
e. Any expenditure over £300 will be signed off by the Chief Executive Officer.

12.4 At no time should the petty cash tin be used by any Staff or Board member for purposes other than expenditure wholly and necessarily incurred on Association business.

12.5 The person claiming the petty cash expense must provide a receipt for the item purchased.

12.6 The person responsible for the petty cash will complete a petty cash voucher for each claim, which will correspond to the receipt. They will then count out the cash in the presence of the person making the claim, who will also check it. Once the amount has been paid both persons will sign the petty cash voucher which will then be filed in the petty cash vouchers file with the receipt attached.

12.7 The person responsible for the petty cash maintains a petty cash spreadsheet, which is updated at the point of each transaction, thus ensuring that the balance of the cash in the tin should agree with the spreadsheet at any point in time.

12.8 The petty cash tin is reconciled to the petty cash book at least monthly. When the cash reconciliation has been carried out this should be noted on the spreadsheet.

12.9 At the end of each month the petty cash spreadsheet will be totalled and posted to the SDM nominal by the Finance Agent.

12.10 The Association's Finance Agent will at least quarterly, review the petty cash payments.

12.11 Any differences upon reconciling the petty cash should be reported in the first instance to the Association's Finance Agent for further investigation. If this remains unresolved the Finance Agent will report this to the Chief Executive Officer and if appropriate to the Board.

13.0 SALARIES/EXPENSES

13.1 The Chief Executive Officer is responsible for the HR records of the Association. It is the responsibility of the Chief Executive Officer to ensure that all relevant information with regards payroll is provided to the Finance Agent at least a week prior to the payroll processing date. This should include approved starters and leavers forms, and approved salary changes.

13.2 Salary and wage increases arising from Staff promotions or pay awards must be approved by the Board prior to any payment being made. Any changes in salary amounts due must be confirmed in writing to the individual Staff member with a copy of the letter being retained in the personnel files.

13.3 Overtime is not normally paid to Association employees, but it may be necessary in exceptional circumstances to authorise overtime for employees. Any such request for overtime must be approved by the Chief Executive Officer/Board or in advance and any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the Chief Executive Officer/Board.

13.4 Any request for reimbursement of expenses/mileage costs should be accompanied by expenses claim form signed by the individual requesting payment and authorised in accordance with the Financial Regulations. Receipts should be provided where possible.

13.5 All sickness absences of over 5 working days require a fit note from the employees' GP to cover ongoing absence.

13.6 All sickness absences of less than 5 working days require completion of a self-certification sickness form.

13.7 For the purposes of statutory sick pay the Finance Agent must be made aware of all absences from work arising from sickness.

13.8 Salary processing is carried out by the Finance Agent. Staff will be reminded one week in advance of the deadline to submit all claims for travel expenses, overtime, subsistence etc. to the Corporate Manager or Chief Executive Office who will sign off expenses sheet and send to Finance Agent. If Staff fail to submit claims on time, these will not be paid until the following month.

13.9 Once the salaries have been prepared by Finance Agent they will be reviewed for accuracy by the Corporate Manager, who will email approval to Chief Executive Officer to authorise payroll. Chief Executive Officer will email Finance Agent authorising payroll. Any queries should be flagged to the Finance Agent, once resolved the payroll is ready for processing.

13.10 The Finance Agent will next prepare all salaries for payment by Internet Banking.

13.11 Salary payments are due on the 15th of each month (if the 15th falls at the weekend salaries will be paid on Friday) and shall be processed at least two days prior to this to ensure adherence with the timetable.

13.12 The Corporate Manager will prepare Pensions contribution and Finance Agent prepare PAYE returns. The Finance Agent will organise payment as per Point 10 above.

13.13 Any changes in employment terms must be approved by the Board, must be conveyed to the Staff member in writing and a copy of the letter held within the personnel files.

13.14 Any voluntary deductions from pay must be supported by written authorisation given by the employee.

13.15 Any settlement agreement payments must be made in accordance with settlement agreements policy and legal advice should be sought.

14.0 BOARD EXPENSES

14.1 All claims for reimbursement of expenses must be accompanied by expenses claim form signed by the individual requesting payment and countersigned by the Association's Corporate Manager or Chief Executive Officer.

14.2 Receipts must be obtained and attached with any claim made, if the claim is for loss of earnings, a letter from the employer should be obtained.

14.3 Payment will be made through bank transfer.

14.4 All expenses paid will be available for inspection by the Chief Executive Officer and Board Members.

14.5 Payment of expenses shall be made in accordance with the Board Expenses policy.

15.0 MAINTENANCE REPAIRS

15.1 The annual budget setting process will allocate the level of funds available for day to day, cyclical and major repair maintenance works.

15.2 The allocation of funds will exclude any salary costs, recoverable costs and overhead allocation and will refer solely to monies available for repairs by outside contractors and the purchase of materials.

15.3 The Finance Agent will liaise with the Senior Management Team prior to the commencement of the financial year for the purposes of agreeing an annual maintenance/repairs budget. This will be prepared in line with the Association's budget setting procedures.

15.4 The Finance Agent will maintain detailed project accounts for all major works, development works or where contractor payment is in instalments. This shall be updated on at least a monthly basis to monitor actual spend on each project and to identify any significant under or overspend.

15.5 The Senior Housing Officer is responsible for ensuring that expenditure remains within budget and managing any significant variances. They are also responsible for providing sufficient explanation to the Finance Agent for management accounts purposes. The Housing Officer must ensure that all contractors hold up to date and valid insurance cover.

15.6 It must be recognised that circumstances may result in the annual budget allocation being amended during the course of the financial year.

15.7 Where it is expected that specific repair projects will exceed procurement policy limits the appropriate procedures as outlined in the Procurement Policy must be observed unless it is necessary to carry out the work immediately in order to prevent danger to life, limb or property.

15.8 Projections of cyclical maintenance/major repair works must be compiled under the control of the Chief Executive Officer. The Association currently has a 30 year planned maintenance programme, which will be reviewed annually in order to allow incorporation of the financial effects into the revised long term financial projections.

15.9 There may be circumstances when the Board may wish to deviate from the approved budget. Any decisions made must be recorded in the minute of the meeting and any subsequent variances from the original budget shall be noted through the normal quarterly management accounts.

16.0 INSURANCE CLAIMS

16.1 The submission of all insurance claims is the responsibility of the Housing Officer. Claims must be submitted within 30 days of the incident occurring.

16.2 Whilst it is the responsibility of the Housing Officer to advise and liaise with the loss adjuster on property claims, the Finance Agent must be made aware, at the outset, of any material issues arising and be kept informed regarding progress.

16.3 It is the responsibility of the Housing Officer to code maintenance invoices in an appropriate manner in order to confirm, to Finance Agent, any invoices subject to a claim.

16.4 Copies of all claims should be retained in an Insurance Claims folder (Y:\Insurance\Claims) which should contain a summary sheet detailing date of incident, date of claim, address, claim amount, payment received and date of receipt. Responsibility for this task lies with the Housing Officer.

16.5 The Finance Agent should agree the balances outstanding at each quarter end with the trial balance control account for insurance claims. Any differences should be investigated and resolved promptly.

17.0 RECHARGE INVOICES

17.1 Rechargeable repair invoices shall be flagged by the Housing Officer and issued by the Receptionist in line with the Association's Rechargeable Repairs Policy.

18.0 COMPONENT ACCOUNTING

18.1 Programmes of work that will be capitalised will be determined annually within the annual budget, although priorities may change throughout the year, any changes must be agreed and approved by the Board.

18.2 All information relating to the replacement and disposal of components must be given to the Finance Agent by the Operations team.

18.3 The Finance Agent is responsible for the administration of the Association's component accounting spreadsheet. This includes the recording of all assets, replacements, disposals and depreciation calculations. The Finance Agent is responsible for updating the spreadsheet on a regular basis.

18.4 Journal entries must be posted regularly for component replacements, disposals and the depreciation charge, once the database has been appropriately updated. The Finance Agent will be responsible for producing the journal voucher for processing.

18.5 Copy invoices for all replacements must be kept in the component accounting file within Finance Agent.

19.0 VAT

19.1 At the time of writing the Association is not registered for VAT.

20.0 EQUAL OPPORTUNITES

20.1 The Association is committed to ensuring equal opportunities and fair treatment for all people in its work.

20.2 In implementing this policy, our commitment to equal opportunities and fairness will apply irrespective of factors such as gender or marital status, race, religion, colour, disability, age, sexual orientation, language or social origin, or other personal attributes.

21.0 REVIEW CYCLE

21.1 This policy will be reviewed on a three yearly cycle.