



ORE VALLEY HOUSING ASSOCIATION

FINANCIAL REGULATIONS

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ORE VALLEY HOUSING ASSOCIATION LTD

FINANCIAL REGULATIONS

1. GENERAL

The Board is responsible for regulating and controlling the Association's finances: the Board will make and review such financial regulations and detailed procedures as it considers necessary. In recognition of the scale of the Association's operations, the Board have determined as far as possible to incorporate procedures into the regulations for ease of use. The Board, staff, auditor and any consultants or agents will observe these financial regulations.

2. THE CEO

The Board will appoint a suitably qualified and experienced CEO. The CEO will advise the Board, implement their decisions and coordinate the activities of other staff, agents or consultants employed by the Association.

3. The Finance Manager/Agent

The Association will employ a Finance Manager/Agent who will report to the Association's CEO or other designated officer. The Finance Manager/Agent will be responsible for the day to day management and operation of the Finance Service and related systems. The Finance Manager/Agent will also be responsible for preparing management reports to inform internal management and control of the Association's business.

The Finance Manager/Agent will also liaise with the Associations Finance Agents, Auditors, bankers and other external agencies.

3. FINANCIAL YEAR

The Association's financial year will be 1st April to 31st March.

4. FINANCE AGENT

The Board will appoint a suitably qualified and experienced agent (the Finance Agent) to provide a range of financial support services, including any specific funding requirements of the Scottish Government or any lender. The terms and conditions of appointment will be recorded in a formally executed minute of agreement. Any alterations of terms and conditions will require the prior approval of the Board.

5. AUDIT

Preparation for Annual Accounts by the Finance Manager/Agent will commence during April. Draft accounts prepared by the Finance Agents will be presented to Board for approval, audit, signing and return to both Financial Conduct Authority, OSCR and The Scottish Housing Regulator before the end of September (or such other submission deadline as these agencies may require).

The Board will review the appointment of the auditor before calling the Annual General Meeting. Audited accounts will be presented to the AGM and made available for inspection in the Association's offices.

6. BANK

The Association's bankers will be Royal Bank of Scotland or as otherwise agreed by the Board.

The Association will have a Current Account and a High Interest Account, with automatic transfer of funds between the two, and such other accounts as the Board agree are reasonable as required to cover expenditure, maximise interest and minimise banking overheads.

Any change to banking arrangements will require the prior approval of the Board.

The Association will prepare a reconciliation of all accounts on a monthly basis. for use by the Finance Agent during their review of the quarterly Management Accounts and in preparation of the Loan Portfolio return to the Scottish Housing Regulator.

Balances on all accounts will be reported to Board on a quarterly basis.

7. BUDGET

A budget for next financial year, including any rent increases deemed necessary will be agreed by Board no later than end February. The budget will separately identify capital and revenue expenditure.

The budget will be prepared by the CEO and the Management Team, along with the Finance Agent, working in conjunction with other staff who have responsibility for delivering various parts of the Associations business such as; property maintenance, housing management, development & new initiatives and corporate support.

In approving the budget, the Board will have due regard to the Association's aims, objectives, policies and performance targets.

Management accounts, budget comparisons and cash flow projections will be considered by Board on a quarterly basis. The Board will agree corrective action as necessary to avoid overspends and shortfalls.

Management Reports will be prepared on a monthly basis for consideration by the CEO and the Management Team.

Spending committed by staff must be in accordance with the limitations of the budget. Over/underspends and projected over/under spends exceeding 10% of the budget will be highlighted and reported to the Board.

Planned and cyclical maintenance contracts.

Planned and cyclical maintenance costs will be identified separately within the Association's annual budget.

The CEO will have authority to vary the programme of works or extend spend provided this does not result in a budget increase of greater than £10,000.

Variations which result in an increased spend of more than £10,000 will require prior Board approval.

Cost increases/variations in the planned and cyclical maintenance programme will be highlighted to the Board in the notes to the management accounts.

8. RETURNS

Returns required by The Scottish Housing Regulator, The Scottish Government, Financial Services Authority, OSCR, the Local Authority or any other official agency will be made by the due dates.

9. SIGNATORIES

Authorised signatories for the purposes of development scheme submissions; acceptance of funding; approval of expense claims; adjustments and issue of cheques will be Chairperson, CEO, Housing Manager and Depute CEO/Corporate Support Manager.

All cheques or other payment instructions will require to be signed or authorised by 2 signatories. No person may sign a cheque or otherwise instruct or authorise payment of which he/she is the recipient. Sample copies of all current signatories signatures will be held at the Association's offices and by the bank. Signatories will be reviewed as necessary, and any changes confirmed to the bank.

10. AUTHORISATION – SCHEME OF DELEGATION

In relation to the day to day running of the Association all staff are authorised to commit expenditure up to £500 in relation to reactive and void maintenance.

Where proposed expenditure exceeds £500 (exc VAT) authority must be sought from the CEO, or other member of the Management Team prior to orders being placed. Expenditure exceeding £1500 (exc VAT) will normally require a minimum of three quotes prior to any commitment. The CEO will have

authority to initiate orders as required up to £10,000. (exc. VAT) subject to receipt of competitive quotes.

Proposed expenditure exceeding £10,000 will be subject to full tender by a minimum of four tenderers and expenditure will require to be authorised by the Board. In an emergency situation where there is not time to adhere to these limits, authorisation should be sought from the most senior officer available.

A tender register will be maintained by the Corporate Support Team, both formal tenders and quotes will be recorded within this log. Any situation requiring quotes or formal tenders must be reported to the Corporate Support Team so that the Tender Register can be updated. A separate policy for tendering will be maintained which will provide further detail.

Other members of the Management Team will have authority to initiate orders for either routine or preventative maintenance or replacement up to a value of £2,500. (exc. VAT)

Others will have delegated authority to initiate orders for sundry expenditure such as, office stationery and supplies, day to day property maintenance up to a value of £500 (ex VAT) per order. Where it is expected that the cost will be in excess of £500 an estimate should be obtained in advance.

The [register of delegated authority](#) will be maintained by the Corporate Support Team.

Where an individual order is expected to exceed £1,500, competitive quotations should be invited from at least 3 suppliers. If the CEO considers 3 quotations to be impractical, he may accept a lesser number on condition that the reasons are properly recorded within the tender register. A record will be maintained, within the tender register, of all quotations requested and received. Only reputable firms with the appropriate qualifications and experience should be invited to quote. The reasons for accepting a particular quotation will also be recorded.

Annual costs exceeding £1,500 such as legal, insurance, membership and audit fees do not require annual competitive quotations but should be reviewed on a 35 year cycle.

Formal tender procedures will be followed and a formal contract will be executed for all work expected to exceed £10,000. A formal contract will also be executed for work of a lesser cost, where considered appropriate by the CEO. For this purpose, valid execution of contracts on behalf of the Association will consist of signature by the CEO plus one Board member, unless the other party requires otherwise.

In exceptional circumstances, where it is not practical due to urgency to seek the prior approval of Board, which would otherwise be required under these regulations, the CEO, or other member of the Senior Management Team may consult with the Chairperson and Secretary, who will have the authority to approve expenditure, subject to ratification by the next Board meeting.

11. INSURANCE

The CEO will ensure that appropriate insurance cover is maintained and updated as required including public liability, property, contract, office, contents, cash and fidelity guarantees.

In addition to budget preparations, a report summarising cover taken will be presented to the Board annually.

12. CONFIDENTIALITY/SECURITY

The Finance Assisant will ensure that cheque books are kept safely.

Association staff will take due care to ensure that financial and tenancy records whether paper copy or computer are not left accessible to unauthorised persons at any time.

Waste comprising any financial, tenancy or other confidential information will be shredded before disposal. Or passed to an agency specialising in the disposal of confidential waste.

13. RENT SETTING & INCREASES

Initial rents and any increases will be set through the rent policy approved by Board, on an annual basis.

Notification of any rent increases required by the budget will be issued in February to ensure that they are effective from the 1st of April.

14. INVOICES RECEIVED

Association staff will register receipt of all invoices before passing to relevant officer for authorisation and coding and will thereafter monitor processing for payment.

Except where late payment would result, invoices should be processed for payment only once weekly generally Friday/Monday. A more detailed procedure on the processing of invoices is annexed to these regulations.

15. CASH RECEIVED

All monies received whether cash or cheque will be logged, kept in a locked cash box, and banked as soon as practicable.

A pro forma receipt will be issued for all such monies, with a copy retained for financial records.

Other than in exceptional circumstances cash held overnight should not exceed £1,000, and the maximum cash held at any time during opening hours should not exceed £1,000.

To avoid confusion cash received must not be used as petty cash to meet expenditure the total received should be banked, and petty cash drawn by cheque with the appropriate authorisation vouchers.

The Finance Team will reconcile the cash received records with copy receipts and bank lodgement vouchers on a monthly basis.

16. BAD DEBTS

Bad debts will only be written off with the approval of the Board.

17. PETTY CASH

Association staff will maintain and reconcile a petty cash record.

The maximum petty cash held should not exceed £200 at any time. Individual petty cash transactions should generally not exceed £100 and will require a duly authorised voucher and receipts. Petty cash should at all times be kept in a secure cash box. Separate have been developed and are kept under review for staff with responsibility for managing petty cash.

18. PAYMENTS

Except where late payment would result, expense claims, cheque requests, refunds etc. should be processed for payment only once weekly generally Friday/Monday.

Salaries are paid by BACS. Wherever possible all other payments shall be made by BACS or direct debit. Payment by cheque will be made when required.

As outlined in Section 9 of these regulations, the beneficiary of a payment shall not be the authority for nor a signatory to the payment.

Payment authorisation will be by endorsement of original invoices only and by completion of a pro forma payment voucher, or by pro forma expense claim form subject to the limits on authority agreed by Board within these Financial Regulations.

Where for any reason original invoices are misplaced, a request will be

made to the supplier to reissue the invoice appropriately headed to identify that it is a replacement.

It will be the responsibility of the person authorising payment to ensure all necessary checks have been made prior to authorisation. Authorisation checks should wherever possible and practical be by the person initiating the order.

19. RECHARGEABLES

The Association will pursue recovery of costs arising from damage to property by tenants, their households or their guests.

The tenant should be notified as soon as practicable and should be asked to sign an agreement pro forma accepting responsibility for payment.

A register of rechargeable invoices issued will be maintained, and all payments will be logged. Rechargeable accounts will be monitored and appropriate action taken to recover amounts outstanding.

The CEO will report regularly to Board on the status of any rechargeable costs.

20. CAPITAL CONTRACTS & COSTS

The Board will agree an outline development programme prepared in conjunction with partners within the Fife Housing Association Alliance for submission to The Scottish Government. The CEO will inform the Board of any cash planning target set by The Scottish Government or any changes to this and will report to the Board at least quarterly on the performance of each contract.

All tenders, offers of grant and borrowing for development schemes are likely to be made to Kingdom HA as the developing partner within the Fife HA Alliance. Board will be advised of all OVHA projects included in the Alliance programme.

Development projects completed through the Alliance will funded through the development stage by the developing HA (Kingdom).

Expenditure which would result in any increase in borrowing requirement will require the prior approval of the Board.

In the event that OVHA develops other than through Fife HA Alliance. A control register will set up and maintained for each contract to monitor expenditure and income received.

On receipt of a contract invoice or certificate, staff will check the authorisation, calculation and previous payments from the register, and prepare documentation for drawdown or payments as appropriate. Drawdown of grant or receipt of other funding will be recorded on the control register. Payment will be authorised by the CEO only after checking that funding has been received or

that the Association has sufficient funds to provide bridge funding pending receipt of grant or other funding.

Final certificates will be issued only after the Board has approved a full report reconciling expenditure and income for the contract.

21. RENT ACCOUNTING

Individual rent accounts will be maintained. These will be updated as necessary on a daily basis.

All rent arrears will be pursued in order to maximise the Association's income (including for former tenants) in line with the Association's agreed arrears policy. Detailed arrears reports will be prepared for Board at least on a quarterly basis, in an agreed format, summarising cases, progress and action.

A rent control account will also be maintained. This will be reconciled with individual rent accounts on a monthly basis. This reconciliation will be authorised by the Finance Manager/Agent for presentation to Board.

The Housing Manager has authority to waive up to one months rent for a tenant where there is a justifiable reason for doing so. Any waiver to cover a longer period will require the prior approval of the Board. All decisions to waive rent will be recorded in a register along with a report summarising the reasons for doing so.

All rent adjustments whether by credit, debit, increase or decrease will require the written authorisation of the Housing Management Team using an adjustment pro forma or other relevant documentation, details will then be updated on the computerised system, all adjustment pro-forma or other documentation will be held for a period of six years.

Refunds of credit balances will require written authorisation of the Housing Management Team. The Housing Management Team will check before authorising any refund that no rechargeable accounts are outstanding. If rechargeable accounts are outstanding the agreement of the tenant will be sought to transfer payment in lieu of any refund.

All credits to rent accounts must be backed up by either Allpay payment Schedule, bank confirmation of payment, or cash receipt (in exceptional circumstances only) Housing Benefit payment reports or adjustment pro forma.

All rent increases implemented will be in line with rent policy approved by Board or by adjustment as a result of property improvement.

Disputes with tenants over payment records will be dealt with by the Housing Management Team.

22. STAFF COSTS

Staff will be appointed on a placing within the relevant Employers in Voluntary Housing (EVH) scale to be agreed by the Board.

Letters of appointment will be signed by the CEO, Secretary or Chairperson. A copy will be held in the employee's file the relevant information will be provided to the Association's payroll agents.

The Board will approve reviews to terms and conditions as recommended by EVH subject to any local variation deemed appropriate by the Board and accepted by staff concerned. The CEO will ensure that confirmation of approved variations is issued to staff with copies retained in staff files and forwarded to the Payroll Agent as appropriate.

Any other proposed amendment will require prior approval by Board.

Staff expenses and overtime will be submitted on a monthly basis, for approval by the CEO, Secretary or Chairman as appropriate.

The Corporate Support Manager will liaise with the Association's payroll agents on Inland Revenue and pension liability in respect of salaries, wages and expenses.

P46 forms will be completed and held on file as authorisation where no deductions are made from wages.

Inland Revenue liability as per the Payroll Agents calculations and authorisation, will be paid monthly by the due date.

23. EXPENSES

A. Staff

The staff will be able to claim expenses as per EVH terms and conditions, for approved overtime, or attending training courses, conferences etc. (Note Beneficiaries of claims cannot be authorisation for or signatories to payments).

B. Board

Board members may claim for reimbursement of out of pocket expenses.

All claims must be submitted on pro forma expense claim, duly authorised, by either the CEO, Secretary or Chairperson. (Note Beneficiaries of claims cannot be authorisation for or signatories to payments).

24. REVIEW

The Board will review the content and operation of these regulations as necessary, but not less than once every 5 years.

Andrew Saunders
CEO