



FINANCIAL & GENERAL REGULATIONS

POLICY NO. 1

Date Reviewed:	June 2025
Date of Next Review:	June 2030
Regulatory Standards of Governance and Financial Management	Regulatory 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 Guidance: 3.1 – 3.7 Regulatory Standard 4 The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. Guidance: 4.4; 4.6; 4.7. Regulatory Standard 5 The RSL conducts its affairs with honesty and integrity. Guidance: 5.1

1. INTRODUCTION

- 1.1 It shall be the duty of the Director to ensure that these regulations are adhered to. A reference copy of these regulations shall be always available for inspection in the Association's offices.
- 1.2 All Housing Associations are expected to exercise a high quality of financial management in all aspects of their business activities.
- 1.3 These regulations are drafted to ensure compliance with the seven Regulatory Standards of Governance and Financial Management (April 2024), issued by the Scottish Housing Regulator.
- 1.4 The Standing Orders of the Association detail how the business of the organisation shall be run and includes responsibilities, powers and remits of each sub-committee/working group and the Board itself.
- 1.5 The Financial Regulations detail Board and staff responsibilities together with details of generally accepted best practice.

2. FINANCIAL CONTROL

- 2.1 The Board of Management has ultimate responsibility for all aspects of the Association's affairs.
- 2.2 Statute requires the Board of Management to prepare financial statements for each financial year. It is the Board who are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. In practice this is delegated to the Association's financial agents, in liaison with the Director.
- 2.3 The Board of Management are also responsible for safeguarding the assets of the organisation and for taking reasonable steps to prevent and detect fraud and other irregularities.
- 2.4 Board members also have a duty towards the Association, its staff, tenants and the community and must therefore take steps to satisfy themselves that they receive all necessary information to allow them to make reasoned and informed decisions. These decisions may also be based on advice sought from external professional advisers where necessary. They must at all times seek to identify risks to the Association and mitigate the same.

3. BUDGETS (REVENUE)

- 3.1 An annual budget prepared in advance of the financial year end must be approved by the Board of Management. This budget must be accompanied by a statement of the main assumptions, cash flow projections, monthly income and expenditure details, appropriate ratio analysis and a summary commentary. It will be completed by the Director, in conjunction with the Finance Agent and other members of the Senior Management team.

3.2 The approval of the budget by the Board allows authorised staff to incur expenditure up to the approved amount under each budget heading with the following exceptions:

- (a) Where any single item of expenditure is likely to cause the annual budget heading to be exceeded, the proposed spending must be approved by one of the Association's Office Bearers and homologated at the next Board of Management.
- (b) In extraordinary circumstances where there is no clearly defined budget the following staff members are eligible to issue written orders up to the value stated:

Admin Staff	-	up to £ 500
Housing Officer Level	-	up to £ 1,000
Housing Manager/Corporate Manager	-	up to £ 5,000
Director (HM in Director's absence)	-	up to £10,000

Expenditure between £10,000 and £50,000 will *normally* require at least two quotations or estimates. The Director has delegated authority for authorisation of projects up to £50,000 with the proviso that all details are reported to the relevant Board or Committee.

- 3.3 Where it becomes apparent that the approved provision under any one budget heading is likely to be exceeded, reporting on the reason for such excess shall be given to the Board with the Monthly Management Accounts. If necessary, this should include details of how the increase can be funded within the overall budget. At the mid-year budget review consideration can be given to revising budget amounts.
- 3.4 No Officer of the Association shall incur any expenditure in respect of any item not provided for in the budget or in excess of any amount allowed under the appropriate heading or in excess of the provisions of these regulations, until details of such expenditure has been submitted to, and approved by, the Board.
- 3.5 On a monthly basis the Association shall prepare management accounts which shall compare actual results to date with the estimates contained within the budget. Material variances must be clearly explained within the narrative supporting the management accounts. In addition, the effect of likely future events on the financial position should be contained within the monthly accounts together with details of the currently projected financial position of the Association at the year end.
- 3.6 The Association shall prepare and submit 5-year financial projections to the Scottish Housing Regulator in the prescribed format and within the relevant timescales all in accordance with existing guidance from the Scottish Housing Regulator.
- 3.7 The Association shall 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 cash flow projections.

Appropriate sensitivity analysis will be applied to the long-term projections with details being incorporated into the Business Plan document.

4. CAPITAL EXPENDITURE

- 4.1 All items of a capital expenditure nature, e.g. development, asset acquisition etc will be appropriately budgeted on an annual basis. All capital expenditure must be procured as per the Procurement Policy.

5. ORDERS

- 5.1 All goods and services including repairs orders shall be ordered on an official order form wherever practicable and will be signed by the Officer making the order. Any verbal orders issued in an emergency shall be confirmed by an official order not later than on the next working day.

6. PAYMENTS

- 6.1 Payments shall only be made against an invoice checked by the Officer responsible for incurring the expenditure, with final authorisation from the Director. Such certification implies:
- (a) The receipt of the goods/services on satisfactory terms and conditions, or acknowledgement that advance payment is necessary in a particular case.
 - (b) Compliance with Financial Regulations.
 - (c) The accuracy of the account and that it does not duplicate a previously certified amount.
 - (d) The expense can be met from within the budget heading determined as being the responsibility of the certifying Officer, or alternatively is a legally unavoidable overspend. If the latter is the case a statement of the reasons for the over-spending should be attached to the invoice
 - (e) The expenditure coding is correct.
- 6.2 Further additional checks may be carried out before arranging for payment to be made.
- 6.3 A petty cash system will be operated within the office following guidelines laid out within the Office Procedures manual.

7. CHEQUE SIGNATORIES & BACS PAYMENTS

- 7.1 The Board of Management shall, from time to time, nominate those members of the Board and staff who are authorised to sign the Association's cheques and authorise BACS payments. The list of authorised signatories form Appendix A to this policy.

- 7.2 All cheques and BACS payments must be signed/authorised by two people from the list at Appendix A.
- 7.3 Details of authorised signatories for BACS transfers and cheque payments are noted in Appendix A with procedures for making payments contained within the Association's financial procedures.

8. RENTAL INCOME

- 8.1 Rental income payments are the main source of revenue income for the Association, and it shall be the responsibility of the Director to ensure that the Association is safeguarded against the loss of income by:
- (a) The prompt review of rents.
 - (b) The regular monitoring of any service charge income and costs.
 - (c) Taking prompt action against all tenants and former tenants in arrears in accordance with the Association's procedure for the recovery of arrears.
 - (d) Reviewing quarterly ex-tenant arrears and making recommendations concerning the writing-off of individual cases to the Board of Management.
- 8.2 The Director, in conjunction with the Association's Finance Agent, shall be responsible for ensuring that there is an efficient system for recording rental payment received by the Association.
- 8.3 Any rental payments received by the Association shall be recorded through the Association's housing management system at the earliest opportunity. Cash will only be accepted at the office in extreme circumstances. Rental income will not normally be collected during home visits.

9. OTHER INCOME

- 9.1 All non-rental payments received by the Association shall be recorded in the appropriate ledger and reconciled monthly by the Finance Agent, with supporting documentation appropriately filed by the Association.

Receipts shall be issued for **all** cash payments, and on request, for non-cash payments.

- 9.2 Where external funding for projects is made available to the Association all grant claims must be submitted timeously in order, where possible, to ensure receipt of funds prior to payment.

10. SALARIES AND CONDITIONS OF SERVICE

- 10.1 The Board shall give direct effect to the awards of the EVH Joint Negotiating Committee in so far as they are appropriate for the staff of the Association.

11. EXPENSES

- 11.1 The Director or Corporate Manager will be responsible for authorising the mileage log books and expense claims of staff and any business credit card purchases.
- 11.2 An Office Bearer or the Corporate Manager shall be responsible for authorising the mileage logbook and expense claims of the Director and any business credit card purchases.
- 11.3 The Director shall be responsible for authorising any business credit card purchases made by Board Members.
- 11.4 The Chair, Director or Corporate Manager shall be responsible for authorising payment of Board Members' expense claims.

12. INSURANCES

- 12.1 The Board shall review annually all insurances of the Association. The Director shall ensure that the Association has an adequate system for effecting insurance cover and for making claims against the Insurance Policies.

13. INVENTORIES

- 13.1 Inventories shall be maintained recording an adequate description of furniture, fittings and equipment, motor vehicles, plant and machinery. The Corporate Manager shall be responsible for ensuring annual checks of this Inventory/Asset Register are carried out with the Finance Agent. A Disposal Register will also be maintained noting the details and authorisation of the disposal of any equipment considered passed its usefulness to the Association.

14. HOUSING STOCK

- 14.1 The Housing Manager, in consultation with the Finance Agent, shall ensure that a Fixed Asset Register of all housing stock components shall be maintained and kept up to date.

15. BANKING

- 15.1 All bank accounts shall be maintained in the name of the Association with the bank approved by the Board of Management.
- 15.2 All bank accounts must be reconciled to the relevant books of account by the Finance Agent on a monthly basis.
- 15.3 Bank borrowings are covered by Rule 18.1 – 18.8 and 19 of the Association's Rules.

16. INVESTMENTS

- 16.1 All investment of funds or arrangements for seeking and managing private finance shall be undertaken in accordance with the Association's Treasury Management Policy.

17. EMERGENCIES

- 17.1 Notwithstanding the provisions of these financial regulations, the Chairperson of the Board or in his/her absence or unavailability, one of the other honorary officers (Senior Staff/Office Bearers) of the Association may, in a case of emergency, authorise expenditure not provided for in the estimates, but all such authorisation must be reported to the first meeting of the Board held after the authorisation has been given.

18. ANNUAL ACCOUNTS AND AUDIT

- 18.1 Audited financial statements require approval by the Board of Management and must be submitted to the Scottish Housing Regulator within 6 months of the financial year end. These accounts must be in the required format and contain the report of the external auditors. In addition, the financial statements 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.

A copy of the auditor's Management Letter and the Board's response will also be submitted to the Regulator within the required timescales.

- 18.2 A year end timetable should be completed by the Director in consultation with the Finance Agent and agreed with the external auditors prior to the commencement of the year end statutory audit.
- 18.3 The role of the external auditors must be clearly detailed in an Engagement Letter. Preparation of the financial statements shall be undertaken by the Association's Finance Agent. A Management Letter must be received annually by the Board of Management for consideration and response. In accordance with best practice, the Association shall review its external auditors every 7 years unless the service level dictates otherwise.
- 18.4 The Director or Finance Agent have authority to access all records, documents, correspondence and cash sums for verification purposes. Any event involving or thought to involve fraud or irregularities, or malpractice shall be notified to the Director, Chair or Secretary of the Association immediately for further investigation and action.
- 18.5 The internal and external audit functions shall be delegated to the Audit Committee with final oversight by the Board of Management.
- 18.6 The main responsibility of the internal auditor is to provide the Board and Senior Management Team with assurance on the adequacy of internal control systems.

19. AUTHORITY FOR USE OF SEAL

- 19.1 Authority shall be delegated to the Director to arrange for the seal of the Association to be used as required by company law on relevant legal documents and on new share certificates issued, always accompanied by the signatures of any two members of the Board of Management plus that of the Secretary.

20. AUTHORISATION OF SIGNATURES REQUIRED FOR SCOTTISH GOVERNMENT HOUSING DIRECTORATE PURPOSES

- 20.1 Authority shall be delegated to the following Board members and Officers to sign applications for Approvals, Agreements and Loan Finance: Chair; Secretary; Vice-Chair, Director and Housing Manager.

21. POLICY REVIEW

- 21.1 These Financial and General Regulations shall be reviewed at least every 5 years.