



**Financial Regulations
Policy
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Related Documents

- Variance Investigation Policy (F4)
- Responsibilities and Delegated Authorities Policy (C14)
- Treasury Management Policy (F3)
- Financial Management Policy (F1)
- Procurement Policies

Translation Statement

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Compliance

This policy has been drafted to ensure that it complies with current legislation and industry good practice.

Equality & Diversity

Fyne Homes is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer we are also committed to equality and diversity within our workforce. Our goal is to ensure that these commitments, reinforced by our Values, are embedded in our day-to-day working practices.

Openness & Confidentiality

Fyne Homes believes that its members, tenants and other interested parties should have access to information on how it conducts itself. This means that unless information requested is considered commercially sensitive or personally confidential it will be made available on request.

Data Protection

Fyne Homes recognises the importance of data protection legislation, including the General Data Protection Regulation, in protecting the rights of individuals in relation to personal information that we may handle and use about them, whether on computer or in paper format. We will ensure that our practices in the handling and use of personal information during the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer.

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Financial Regulations Policy

1. Introduction

- 1.1 Fyne Homes Limited through this policy will ensure that the Association operates as economically, efficiently and effectively as possible within the Association's overall objectives.

2. Aim

- 2.1 Our main objectives are:-

- 2.1.1 To ensure that the Management Committee is in control of the Association's finances and that Association expenditure is covered by income from all sources.
- 2.1.2 To ensure that annual audited accounts are published in accordance with the Association's rules and all statutory returns are completed within the required time period.
- 2.1.3 To ensure that any delegated financial powers and authority are properly vested by means of a detailed and agreed remit.

3. Links to Vision and Strategic Priorities

- 3.1 This policy aims to fulfil the needs of the Association's Strategic Priorities in particular maximise efficiency to provide value for money for our tenants and stakeholders.

4. Legal Framework

- 4.1 Scottish Housing Regulator Regulatory Framework

5. Responsibilities

5.1 Chief Executive

- 5.1.1 The Chief Executive is responsible to the Management Committee.

- 5.1.2 Responsibilities include:-

- Ensuring the Association has adequate insurance policies in respect of all assets, public and employers' liability and legal expenses insurance.
- Ensuring loan finance has been arranged, and drawdown within 3 months of practical completion for all development schemes.
- Implementation and operation of the Treasury Management policy of the Association with regard to the loan portfolio, and with regard to the investment

of surplus funds to the benefit of the Association, but with minimum of risk and without contravening statutory restrictions and the Association's rules.

- Preparation of Finance and IT internal audit procedures and liason with internal auditors in respect of relevant reports.

5.2 Business Services Director

5.2.1 Business Services Director is responsible to the Chief Executive for the administration and control of the Business Services Department

5.2.2 Responsibilities include:-

- Assisting in long term planning.
- Rent setting.
- Assisting with the preparation of the annual budget.
- Presenting Management Accounts to the Management Committee on a quarterly basis.
- Assisting with the preparation of Annual Financial Accounts and liason with the external auditors in respect of the interim and year-end audits.
- Assisting with the preparation and submission of financial returns to Scottish Housing Regulator.
- Ensuring the requirement of the Industrial and Provident Society Acts or other constituting authorities are obeyed concerning the requirements for the Association to keep proper books and records.
- Monitoring the day to day running of the Association's finances.
- Maintaining efficient systems of financial control and reporting.
- Management of the Association's computer systems in relation to financial controls and systems

6. Budget Preparation

6.1 The budget is to be prepared in a form agreed by the Management Committee. It is to be in line with the objectives of the Association and will form part of the Corporate Plan.

6.2 The budget will consist of a revenue budget and capital budget.

6.3 Preparation will commence prior to the financial year-end with input by the Directors and Managers of each department. This process will intertwine with the Rent Setting Process. Appropriate consultation must take place between all departments and Scottish Government Guidance must be recognized and considered.

6.4 The budget is to be discussed and approved by both the Management Team and Management Committee prior to the start of the next financial year.

6.5 Once approved, the budget is to be used as the basis for authority to incur expenditure, and to be used for comparison against actual out-turns.

7. Budgetary Control

- 7.1 Material variations from budget are to be reported to the Management Committee quarterly by the Business Services Director. The effect of likely future events on the financial position of the Association must also be reported.
- 7.2 Where additional expenditure is identified, Management Committee require to refer to the Variance Investigation Policy (F4) for a preferred solution.
- 7.3 Nothing in these financial regulations shall prevent an identified Director from incurring expenditure which is essential to meet any immediate needs created by an emergency situation arising, subject to such action being reported forthwith to the Management Committee. By definition, this should only really occur on rare occasions.
- 7.4 Where an identified Director proposes a new policy, or variation of an existing policy or a variation in the means or timescale of implementing an existing policy that has not already been dealt with in the Corporate Plan and budget, then the Director must submit a report to the Chief Executive who would report the subject matter to the Management Committee if there would be a material effect to the Association's finances.

8. Accounting

- 8.1 All accounting procedures and records of the Association shall be determined by the Chief Executive in accordance with the requirements of statutory agencies and authorities
- 8.2 The following books/records will be kept, either manually or on computer
 - 8.2.1 Nominal Ledger
 - 8.2.2 Purchase Ledger
 - 8.2.3 Cash Book
 - 8.2.4 Property/Asset Register
 - 8.2.5 Loan Portfolio
 - 8.2.6 Rental Ledger
 - 8.2.7 Development Records (Project Ledger)
 - 8.2.8 Payroll Records (in tandem with Association's payroll providers)
 - 8.2.9 Petty Cash Books
 - 8.2.10 Recharge/Sales Ledger
- 8.3 A chart of accounts will be maintained by the Business Services Director, which will incorporate coding structures for all the books/records above. Only Finance staff can insert/delete codes in the chart of accounts.

9. External Audit

- 9.1 Preparation of the Annual Accounts will commence no later than 4 weeks after the financial year-end and draft accounts together with audit schedules are to be prepared for the auditors prior to the commencement of the audit.

- 9.2 The audit should commence within 4 months of the financial year-end. A timetable to be arranged with the auditors.
- 9.3 Audited accounts are to be submitted to an Executive/Management Committee meeting prior to the Annual General Meeting
- 9.4 Final audited accounts are to be adopted at the Annual General Meeting. Signed copies of the accounts require to be submitted to The Scottish Housing Regulator within 6 months of the financial year-end.
- 9.5 An interim audit will be carried out by the external auditors when required.

10. Internal Audit

- 10.1 Following the preparation of an audit needs assessment report; an internal audit programme will be drawn up by the Association's internal auditors.
- 10.2 The internal audit programme will be carried out over a 3-year period. Reports on the findings of the internal audit are to be presented to an appropriate Audit Committee following receipt of findings from the auditors.
- 10.3 On completion of the programme, a revised programme may be drawn up to cover the following 3-year period.

11. Banking and Cash

- 11.1 The Finance Section of the Business Services Department:-

- 11.1.1 Shall be responsible for the setting up and control of all bank accounts
- 11.1.2 Shall be responsible for cheque security
- 11.1.3 Shall be responsible for investment of all temporary cash surpluses
- 11.1.4 May authorize the keeping of petty cash floats for incidental expenditure
- 11.1.5 Shall be responsible in ensuring all cheques/bacs payments and will be signed in accordance with approved Financial Management Policy (F1)
- 11.1.6 Shall reconcile all bank accounts on a monthly basis.
- 11.1.7 Shall reconcile petty cash on a quarterly basis.

12. Contracts

- 12.1 Where contracts are put out for tender, opening and recording must be in accordance with the Associations' Procurement Policies
- 12.2 Where contracts provide for payment to be made by instalments the Finance Section shall arrange for recording within the Project Ledger which will show:-
 - 12.2.1 The state of accounts on each contract between the Association and the contractor and consultants
 - 12.2.2 The sources of funding for each contract and the amount of funding drawdown to date
- 12.3 Payments to contractors and consultants by instalments shall be made only on a certificate approved by the relevant manager or Director.
- 12.4 Any changes to a contract which result in cost variations will, in the first instance, be addressed by means of the authority delegated by the

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Management Committee to the Technical Services Director in line with agreed development and maintenance procedures and reported to the Management Committee as soon as practicable.

- 12.5 The final certificate of completion for any contract shall not be issued until the appropriate identified consultant has produced to the relevant Director, a detailed statement of account and all relevant documents.
- 12.6 The relevant Director to the extent he/she considers necessary, can examine final accounts for contracts, and he/she shall be entitled to make all such enquires and receive such information and explanations as he/she may require in order to satisfy him/herself as to the accuracy of the accounts.
- 12.7 Claims from contractors and professional consultants in respect of matters not clearly specified and set down within the terms of any existing contract shall be referred to the Association's solicitor for consideration of the Association's legal liability, and where necessary, to the Chief Executive for financial consideration before any settlement is made.
- 12.8 Where completion of a contract is delayed beyond the practical completion date as properly certified by the professional consultant it shall be the duty of the identified Director to initiate the appropriate action in respect of the application of liquidate and ascertained damages.
- 12.9 The Association should maintain comprehensive files for every contract that has been, is undertaken, or is being planned. Such files should contain all relevant documents and correspondence.
- 12.10 All Managers, Directors and Consultants shall have regard to the requirements of the Scottish Government in respect of matters relating to contracts, but at no time to place the Association in a breach of contract situation.

13. Property Register

- 13.1 A property register will be maintained by the Business Services Director recording an adequate description for each house in terms of address, location, size etc.
- 13.2 For each house owned the property register will include the following:-
 - 13.2.1 Total cost of property
 - 13.2.2 Year of completion
 - 13.2.3 Current Book Value
 - 13.2.4 Current Rent
 - 13.2.5 Amount of Grant Received

13.3 The form in which the property register is kept will be determined by the Business Services Director.

14. Other Assets Register

- 14.1 An inventory of assets shall be maintained recording adequate description of equipment and fittings owned by the Association.
- 14.2 Rates of depreciation for the different categories of fixed assets are set out in the Association's detailed financial procedures.

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- 14.3 Each identified Manager or Director shall be responsible to the Chief Executive for maintaining an annual check of all items on the other assets register and for taking actions in relation to surpluses and deficiencies as appropriate.
- 14.4 Each identified Manager or Director will ensure that property and equipment maintained in good working order.
- 14.5 The Association's property shall only be used for Association business, unless prior approval by the Chief Executive.
- 14.6 Purchase of the other assets shall be authorized by a Manager or Director in line with the detailed financial procedures and annual capital budget.

15. Income

- 15.1 The collection of all money due to the Association shall be the responsibility of the Finance Officer under the supervision of the Business Services Director.
- 15.2 All employees shall furnish the Finance Officer with such particulars in connection with work done, goods supplied or services rendered all other amounts due as may be required by him/her to record correctly sums due to the Association. Procedures on the issuing of invoices for the recovery of income are outlined in the detailed procedures.
- 15.3 Where possible all money should be received by a non Finance Section employee on behalf of the Association, and should without delay be transferred to the Finance Officer for banking as soon as possible.
- 15.4 No income due shall be written off as bad debt without the authorisation of the Management Committee.

16. Insurances

- 16.1 The Chief Executive and the Business Services Director shall effect all insurance cover. Claims will be made by either the Business Services Director or the Technical Services Department.
- 16.2 Directors and Managers shall give prompt notification to the Chief Executive/Business Services Director of all new risks, properties or vehicles which require to be insured and of any alteration affecting existing insurance policies.
- 16.3 The Chief Executive/Business Services Director should be notified of any loss, liability, damage or any event likely to lead to a claim.
- 16.4 All employees of the Association will be included in a suitable fidelity guarantee insurance policy.
- 16.5 The Chief Executive/Business Services Director shall annually review all insurances.

17. Treasury Management

- 17.1 The Business Services Director shall maintain records of all borrowing of money by the Association.
- 17.2 All funds and borrowing shall be effected in the name of the Association.
- 17.3 All borrowing shall be made in accordance with the detailed borrowing strategy.

17.4 All investments shall be made in accordance with the detailed investment strategy.

18. Orders

18.1 Where appropriate, official orders shall be issued for work, goods or services to be supplied to the Association.

18.2 Official orders are to be approved only by designated budget holders.

18.3 Works/goods in excess of an amount stated in the detailed procedures must receive 3 quotations before any order and appropriate procedures for tender returns must be observed.

19. Expenditure

19.1 Only designated budget holders have authority to incur expenditure. Designated budget holders are appointed by the Management Committee and Management Team.

19.2 Designated budget holders can only incur expenditure for which they are responsible as outlined in the detailed financial procedures.

19.3 No expenditure, capital or revenue, shall be incurred without adequate provision in the budget or without Committee consent.

19.4 Each designated budget holder must examine, verify and certify related invoices, contract certification and any other payment vouchers.

19.5 Before any payment is made the designated budget holder shall have satisfied him/herself that:-

19.5.1 The work, goods or services to which the original order related has been received, carried out, examined and approved

19.5.2 The price is correct

19.5.3 The account has not been previously passed for payment. The budget holder will then sign or initial the relevant invoice/payment and pass to the Finance Officer for payment.

19.6 All salary/wage rates must be approved by the Staffing Committee

20. Procedures

20.1 The Association will have adequate procedures in place to permit the above requirements to be met.

21. Reviewing Process

21.1 This policy will be reviewed in line with the respective current Fyne Homes' policies, and/or where a change in legislation arises.

21.2 If there is a procedural delay in the policy revision then the relative legislation in force at the time will prevail.

Version number	Revision Date	Part of doc revised	Reason for revision	Approved by
