

KNOWES HOUSING ASSOCIATION LTD	
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Consultation	Staff and finance sub committee

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1. Introduction

- 1.1** Knowes Housing Association Ltd.'s Finance Policy forms part of its overall system of financial, governance and management control. The Articles of the Association, the Management Committee and its sub-committees' Standing Orders and all the Policies and Procedures outline how the Association will be controlled and monitored.
- 1.2** This document sets out the Association's Finance Policy which forms part of the standing orders. It translates into practical guidance the Association's overall policies relating to financial control. There are a number of other specific financial policies which relate to topics such as Rents, Treasury Management, Depreciation, Bad Debts. Owners, etc.
- 1.3** This Finance Policy takes into account the Scottish Housing Regulator's Framework on the Regulation of Social Housing in Scotland. As Knowes Housing Association is a charity we are also required to adhere to the Office of Scottish Charity Regulator (OSCR) guidelines and recommendations and the Charities and Trustee Investment (Scotland) Act 2005 – notably Chapter 6.
- 1.4** This policy addresses the principle business risks of:
 - Failure to meet legislative requirements leading to loss of reputation, censure by auditors and possible fines and sanctions imposed by the Scottish Housing Regulator and/or OSCR.
 - Loss of control over financial systems and assets leading to possible frauds and loss of money.
 - Failure to budget and control cash leading to breakdown in income and expenditure systems, insufficient cash available to meet expenditure and possible demise of the business.
- 1.5** Compliance with the finance policy is compulsory for all staff connected with Knowes H.A. It is the responsibility of all managers and senior officers to ensure that their staff are made aware of the existence and content of the Association's financial regulations and adequate numbers of copies are available for reference within their department.
- 1.6** The Finance Sub-Committee is responsible for maintaining a continuous review of the finance policy and advising the management committee of any additions or changes necessary.
- 1.7** The Association's detailed financial procedures set out how this policy will be implemented and are contained in a separate manual. It is the Head of Finance's (HOF) responsibility to prepare and maintain the Association's financial procedures.

2. Financial Control

THE MANAGEMENT COMMITTEE

- 2.1** The management committee has ultimate responsibility for the Association's finances. Its financial responsibilities are:
- ❑ To ensure the solvency of the Association
 - ❑ To safeguard Knowes' assets
 - ❑ To ensure the effective and efficient use of resources
 - ❑ To ensure compliance with the Scottish Housing Regulator (SHR) Performance Standards and Regulatory Standards of Governance and Financial Management.
 - ❑ To ensure that financial control systems are in place and are working effectively and that a statement of assurance is produced by the Management Committee annually.
 - ❑ To ensure Knowes H.A. complies with OSCR recommendations and Charities law.
 - ❑ To ensure that Knowes H.A. complies with SHR's code of audit practice.
 - ❑ To approve the Association's business plan and long term cash flow.
 - ❑ To approve annual estimates of income and expenditure and to approve annual financial statements
 - ❑ To recommend to the Annual General Meeting (AGM) the appointment of the Association's external auditors.

COMMITTEE STRUCTURE

- 2.2** The Management Committee delegates its responsibilities with regard to financial control to the Finance Sub Committee. This committee is accountable to the Management Committee.

Finance Committee

- 2.3** Ongoing monitoring of the Association's financial position and financial control systems is undertaken by the Finance Sub Committee. The committee will:-
- ❑ Examine annual estimates and accounts and recommend their approval to the Management Committee – together with the annual rent increase.
 - ❑ Ensure that short-term budgets are in line with agreed longer-term plans and that they are followed.
 - ❑ Ensure that the committee has adequate information to enable it to discharge its financial responsibilities
 - ❑ Ensure that the Association maintains proper accounts and related records.
 - ❑ Ensure that systems are in place for all employees and creditors to be paid by their due date and that such systems are effective.
 - ❑ Ensure that all income received is correctly accounted for and that income receivable is collected promptly.
 - ❑ Receive and comment on Knowes' revenue and capital budgets (which will include projected Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows) and review performance on a regular basis through monthly budget reports and quarterly management accounts.

- ❑ Ensure compliance with Loan Covenants, Social Housing Grant procedures and other legal requirements.
- ❑ Manage the Association's investments.
- ❑ Oversee cash management and borrowing strategies
- ❑ Review banking arrangements and authorised signatories as required.
- ❑ Oversee the Association's factoring service, make recommendation on debt recovery from owners and recommend to the management committee any annual increases in factoring fees.
- ❑ Review the Association's annual IT plan and general IT functions
- ❑ Consider any other matters relevant to the financial duties of the management committee and make recommendations accordingly.
- ❑ The Finance Sub Committee will meet at least six times per annum.

Audit Sub Committee

- 2.4** The Finance Sub Committee will also serve as the Association's Audit Sub Committee. The Audit Sub Committee will report to the Management Committee. It has right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The committee is responsible for identifying and approving appropriate performance measures for internal and external audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and that the Management Committee is able to give an annual statement of assurance in respect of financial control systems. The Audit Sub Committee will meet at least three times per annum.
- 2.5** The audit requirements of the Association are set out below and also in the Association's Audit Policy which takes cognisance of the SFHA Internal Audit Guidance for Scottish Housing Associations and also guidance given in the SHR's Code of Governance and Financial Management.

AUDIT REQUIREMENTS

- 2.6** The HOF is responsible for drawing up a timetable for final accounts purposes and will advise staff and external auditors accordingly. The time table for the final accounts will be available to staff in March of each year.
- 2.7** The year-end accounts and financial statements and management letter will be submitted to the Management Committee for approval.
- 2.8** External and internal auditors shall have authority to:-
- ❑ Access Knowes' premises at reasonable times
 - ❑ Access all assets, records, documents and correspondence relating to any financial and other transactions of the Association.
 - ❑ Require and receive such explanations as are necessary concerning any matter under examination.
 - ❑ Require any employee of Knowes to account for cash, stores or any other Association property under his/her control.
 - ❑ Access records belonging to third parties, such as contractors when required.

- 2.9** Whenever any matter arises which involves or is thought to involve irregularities or fraud concerning cash, stores or other property of the Association or there is any other suspected irregularity in the exercise of the activities of the association, the member of staff concerned shall notify the Director (or a member of the Management Team in his absence) in accordance with the Association's policies concerning Code of Conduct for Staff and EVH Terms and Conditions of Service. The Director will take steps as necessary by way of investigation and involvement of internal audit and report the matter to the Management Committee and SHR where required. The Association has a policy for whistle blowing in place. The Director is responsible for updating Knowes' Fraud Register each year.

External Audit

- 2.10** The appointment of external auditors will take place annually at the AGM and it is the responsibility of the Management Committee to make recommendations following the advice of the Audit Sub Committee.
- 2.11** The primary role of external audit is to report on Knowes' financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Code of Audit Practice and Auditing Practices Board Auditing Standards. Each year the Audit Sub Committee will review the effectiveness of external audit and, provided the auditors' work is of sufficiently high standard and reasonably priced, should recommend that the board reappoint them. A competitive tendering exercise will be held at least every seven years.

Internal Audit

- 2.12** The internal auditor is appointed by the Management Committee on the recommendation of the Audit Sub Committee.
- 2.13** The main responsibility of internal audit is to provide the Management Committee and the Management Team with assurances on the adequacy of the internal control system.
- 2.14** The internal audit service remains independent in its planning and operation and has direct access to the Management Committee, Director and Chairperson of the Audit Sub Committee.
- 2.15** The internal auditor will comply with the Auditing Practices Board's auditing guideline '*Guidance for Internal Auditors*'.
- 2.16** Internal auditors will work on a three year cycle of planning and control and at least once every six years a review of their services will be undertaken by the Audit Sub Committee with a view to re-tendering the process if thought to be appropriate.

Other Auditors

2.17 The association will also be audited by the SHR on a periodic basis as part of their auditing process. Each member of staff will undertake to co-operate fully with SHR Auditors. The Auditors will present their report to committee and may award the Association a grade and/or a risk rating based on how well it complies with current legislation, SHR Regulatory Standards, SFHA Best Practice Guides and Knowes own policies and procedures. The Director is responsible for preparing an action plan in response to the audit findings for presentation to the Management Committee and SHR. The Association will continually strive to improve its internal controls and compliance with SHR Code of Practice.

2.18 Knowes H.A. may, from time to time, be subject to audit or investigation by external bodies such as HM Revenue and Customs who have statutory rights of access. The Association's staff will endeavour to co-operate fully with all statutory government bodies and will report their findings and recommendations to the Audit Sub Committee.

EMPLOYEE RESPONSIBILITIES

The Director

2.19 The Director has delegated responsibility from the Management Committee and is responsible for the strategic and operational management of Knowes' affairs. He must assist the Management Committee in determining its strategic objectives and promote the achievement of each objective through the effective deployment of the Association's resources.

The Head of Finance (HOF)

2.20 The Head of Finance has delegated authority from the Finance Sub Committee for the strategic and operational financial administration of the Association. The HOF is responsible to the Management Committee, the Finance Sub Committee, the Audit Sub Committee and the Director for:

- Financial and business planning
- Managing the Association's Information Technology Systems and ensuring business continuity plans are in place
- Liaising with the Association's internal and external auditors and ensuring appropriate annual plans and timetables for audit are in place
- Preparing financial and loan covenant returns for the Scottish Housing Regulator and other statutory bodies
- Liaising with the Association's bankers and ensuring that best value for return is obtained on cash investments whilst maintaining an acceptable level of risk for the Association.
- Arranging adequate insurance cover for the Association and liaising with the Association's insurers

- ❑ Preparing annual capital and revenue budgets in liaison with the Director, the Housing Manager, the Property Services Manager, the ICT Manager and other senior officers of Knowes.
- ❑ Preparing management accounts and information, monitoring and control of income and expenditure against budgets and all financial operations.
- ❑ Preparing the Association's annual accounts and other financial statements and accounts which the Association is required to submit to other authorities, including the Annual Return on the Charter and the Five Year return.
- ❑ Preparing appraisals for major investment decisions
- ❑ Ensuring that the association maintains satisfactory financial systems
- ❑ Providing professional advice to the Management Committee on all matters relating to the financial policies and procedures including treasury management
- ❑ Ensuring Knowes' loan covenants are adhered to and reports submitted to the Association's lender(s) in accordance with loan agreements.
- ❑ Day to day monitoring and supervision of the finance team
- ❑ All other duties as directed and laid out per the HOF job description

The Management Team

2.21 The Management Team comprise of the Director, the Head of Finance (HOF) the Housing Manager (HM), the Property Services Manager (PSM) and the ICT Manager and they are responsible to the Director for financial management in their own areas. The Repairs Officer, the Senior Corporate Services Officer and the Finance Officer have responsibility for day to day operational matters within the repairs, corporate services and finance section respectively. These members of staff are advised by the HOF in executing their financial duties. The HOF will also supervise and approve the financial systems operating within the Corporate Services, Housing Management and Repairs and Maintenance including the form in which financial records are kept.

2.22 The Managers and Officers are responsible for establishing and maintaining clear lines of responsibility within their departments for all financial matters.

2.23 Where resources are devolved to budget holders, the budget holder is accountable to the Senior Officers, the Head of Finance and ultimately to the Director for his/her own budget.

BUDGETING

Resource allocation

2.24 Resources are allocated annually on the recommendation of the Finance Sub-Committee with approval from the Management Committee. Budgets will be revised midyear to take into account probable income and expenditure out turns and will be submitted to and approved by the Finance Sub-Committee.

Budget preparation

2.25 The HOF is responsible for drawing up the annual budget timetable and ensuring that a revenue and a capital budget is prepared annually for consideration by the Finance Sub-Committee before submission to the

Management Committee. The budget should also include cash flow forecasts, a projected Statement of Comprehensive Income and a projected Statement of Financial Position. The HOF must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to heads of departments and relevant external bodies as soon as possible following approval by the management committee. Departments may operate supplementary budgets, within their allocations, in accordance with procedures established by the HOF.

- 2.26** During the year the HOF is responsible for submitting revised budget probable out turns to the Finance Sub-Committee for approval.

Major component replacement programme

- 2.27** The Association will carry out a stock condition survey at least once every five years. This task will either be performed either by an appropriately qualified external consultant or in-house by an appropriate qualified member of staff. The results of this survey will inform the planned major component replacement programme of the association over the next thirty years and will also ensure compliance with the Scottish Housing Quality Standard, the Energy Efficiency Scottish Standard for Housing (ESSH) and any other property standards as set by the Scottish Government through legislation.

- 2.28** An annual major component replacement budget will be set each year in conjunction with the Director and the PSM and also following appropriate consultation with the Association's tenants and committee. The work to be carried out that year will be based on the recommendations within the stock condition survey and will also be subject to committee approval.

- 2.29** The programme will also depend on there being adequate cash flow to support the expenditure and moreover should not cause the Association to breach its covenants with the bank.

- 2.30** The allocation of the work to contractors should comply with Knowes' tendering procedures.

- 2.31** The Property Services Manager is responsible for preparing monthly reports on the progress of the contracts and the expenditure each month to date for the Management Team and the Management Committee.

Capital expenditure programme

- 2.32** Expenditure on land, buildings and associated costs will only be considered as part of the objectives of Knowes HA annual Business Plan. Capital expenditure will be included in the annual budgets and approved by the Management Committee.

- 2.33** The HOF is responsible for providing quarterly statements concerning all capital expenditure to the Finance Sub Committee as is the Director, HM and PSM responsible for providing regular statements to the Management Committee and relevant sub committees as part of the housing, maintenance and development report.

2.34 Proposed capital projects should be supported by:

- ❑ A statement which demonstrates the project's consistency with the Business Plan as approved by the Management Committee and a New Business Risk Assessment Report
- ❑ An initial budget for the project for submission to the appropriate committee. The budget should include a breakdown of costs including professional fees and funding sources.
- ❑ A financial evaluation of the plans together with their impact on revenue expenditure plus advice on the impact of alternative plans where appropriate.
- ❑ A demonstration of compliance with Knowes' tendering procedures as appropriate.
- ❑ A cash flow forecast.

Financial Planning

2.35 In conjunction with the Management Team, the HOF is responsible for preparing financial plans for approval by the Management Committee on the recommendation of the Finance Sub Committee and for preparing long term forecasts for at least the period required by the Scottish Housing Regulator and the Association's Lender. Financial plans should be consistent with the strategic plans and development strategy approved by the Management Committee.

Budgetary Control

2.36 The control of income and expenditure within an agreed revenue budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. Budget holders are responsible to their head of department for the income and expenditure appropriate to their budget. The budget holder will be assisted in this duty by management information provided by the HOF. The types of management information available are described in the Association's detailed financial procedures together with the timing at which they can be expected.

Virement

2.37 Where a budget holder is responsible for more than one budget, virement (the authority to transfer budgets) is permitted up to an agreed level of the budget from which virement is sought, with the approval of the Finance Sub-Committee.

2.38 Virement between budgets held by different budget holders is permitted up to the agreed level of the budget from which the virement is sought. The approval of the Finance Sub-Committee is sought.

2.39 The HOF is responsible for submitting requests for virement of resources to the Finance Sub-Committee.

2.40 No contracts for new work should be signed by either Committee or members of staff where the amount exceeds that already approved by Committee by more than 5% of budget. Where the amount of the contract does exceed more than the original approved budget then prior approval should be sought from the appropriate committee and the finance subcommittee as necessary. Officers of Knowes do not have the authority to over commit spend in Knowes without the prior authority of the Committee. Reports to the committee should clearly state the reason for the overspend/commitment, the amount that the budget will be overspent or over committed by, the risks associated with this and how the overspend will be funded.

2.41 Please refer to Schedule of Internal controls for budget authorisation and spends and also to Committee Powers and remits.

ACCOUNTING POLICIES

Basis of Accounting

2.42 The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

Format of accounts

2.43 The accounts are prepared for the financial year ending 31 March in the format recommended by the Statement of Recommended Practice (SORP) for Registered Social Landlords and the Registered Housing Associations (Accounting Requirements) (Scotland) Order as updated periodically.

ACCOUNTING RETURNS

2.44 The HOF is responsible for preparing and despatching financial returns and other periodic financial reports to the Financial Conduct Authority, the Scottish Housing Regulator, the Office of the Charity Regulator, the Funder and other agencies as required.

ACCOUNTING RECORDS

2.45 The HOF is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

2.46 The association is required by law to retain prime documents. These include:

- ☐ Accounts raised
- ☐ Copies of receipts
- ☐ Payroll records
- ☐ VAT records
- ☐ Copies of contracts

- 2.47** To comply with legislation, for auditing and other purposes, Knowes will retain all financial documents for the time periods as set out in Knowes' Data Protection Policy.
- 2.48** In the keeping of records the Association will comply with the requirements of the General Data Protection Regulations 2018 (GDPR) and the HOF will ensure that the entry in the Information Commissioner's Register is updated annually.

3. Income and Banking

GENERAL

- 3.1** The HOF is responsible for ensuring that appropriate procedures are in operation to enable Knowes H.A. to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use must have the approval of the HOF.
- 3.2** Levels of rents and charges are determined by policies and procedures reviewed by the Finance Sub Committee and approved by the Management Committee.
- 3.3** The HOF is responsible for the prompt collection, security and banking of all income received.
- 3.4** The HOF is responsible for ensuring that all grants notified by SHR and other bodies are received and appropriately recorded in the Association's accounts.
- 3.5** The appropriate member of the Management Team is responsible for ensuring that all claims for funds are made by the due date.
- 3.6** Where Knowes accepts card payments for transactions the HOF will ensure that Knowes HA is compliant with Payment Card Security Standards. (The Payment Card Industry Data Security Standards (PCI DSS) are a set of standards which aim to ensure that all merchants accepting card payments are conducting business in a secure manner).

APPOINTMENT OF BANKERS

- 3.7** The Management Committee has delegated responsibility for the appointment of the Association's bankers to the Finance Sub Committee. The performance of the bankers will be reviewed by the Finance Sub Committee and consideration given to competitive tendering of services if it is felt that the Association would receive better value for money and a more efficient banking service by doing so.

BANKING ARRANGEMENTS

- 3.8** The HOF is responsible, on behalf of the Finance Sub Committee, for liaising with Knowes' bankers in relation to the Association's bank accounts and the

issue of cheques and the making of payments. All cheques shall be ordered on the authority of the HOF who shall make proper arrangements for their safe custody.

3.9 Only the HOF or the Director (in the case of absence of the HOF), may open or close a bank account for dealing with the Association's funds. All bank accounts shall be in the name of the Association.

3.10 All cheques drawn on behalf of the association must be signed in the form approved by the Finance Sub Committee. Details of authorised persons and limits for all types of payments including BACS shall be provided for in the Association's Schedule of Internal Controls.

3.11 The HOF is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review and that large or unusual items are investigated as appropriate.

CASH RECEIPTS

3.12 All monies received within the department from whatever source must be recorded by either the Corporate Services Department (with regard to cheques/postal orders received in the post) or by the Finance Department (with regard to rental receipts) on a daily basis together with the form in which they were received. An authorised receipt of the Association should be issued for all rent and owner payments and for all other cash/cheques received where it is requested or appropriate to do so.

3.13 Money must be paid to the Finance Officer/Finance Assistants and custody of all cash holdings must comply with the requirement of the Association's insurers.

3.14 No deductions may be made from any cash collected on behalf of the Association prior to paying into the Finance Department.

3.15 Personal or other cheques must not be cashed out of money received on behalf of the Association.

RENTS

3.16 The Housing Manager has responsibility for the collection of rent arrears. The procedures for collecting rents must be approved by the Housing Management Subcommittee... The Housing Manager should ensure that:

- ☐ Swift and effective action is taken to collect overdue rents in accordance with the Association's formal procedures (detailed in the Arrears Procedures).
- ☐ Outstanding rents are monitored and reports are prepared for managers and committee on at least a monthly basis.

THE COLLECTION OF DEBTS (former tenant arrears, tenant rechargeable repairs and owner arrears)

3.17 The HOF should ensure that:

- ❑ Debtors' invoices are raised promptly in respect of income due to Knowes H.A.
- ❑ Debtors are raised on official invoices
- ❑ Swift and effective action is taken to collect overdue debts in accordance with the Association's financial procedures.
- ❑ Outstanding debts are monitored by the finance department and reports are prepared for managers and the committee on at least a quarterly basis.

3.18 The HOF is responsible for indicating a period in which different types of invoices must be paid and these should comply with the Association's policies and procedures and also the factoring agreement with owners.

WRITE OFF OF ARREARS AND DEBTS

3.19 Requests to write off debts (in consultation with the Housing Manager for rent and former tenant arrears) must be referred in writing to the Head of Finance for submission to the Finance Sub Committees. The Association has a separate policy on the selection of debts for write-off.

GIFTS, BENEFACTIONS AND DONATIONS

3.20 Knowes Housing Association has a separate policy which should be referred to with regard to gifts, benefactions and donations made to or declined by the Association.

SECURITY OF DOCUMENTS

3.21 Each section head and ultimately the Director are responsible for the safekeeping of official and legal documents. All such documents should be held in an appropriately secure location and where appropriate copies held on Scanfile and QL Document Management.

3.22 The Property Services Manager with the supervision of the Director will be responsible for keeping a separate list of all contracts and their expiry date.

3.23 The HOF will keep a list of contracts for non-maintenance projects – including leasing agreements and insurance contracts.

STOCKS AND STORES

3.24 The Senior Corporate Services Officer has overall responsibility for establishing adequate arrangements for the custody and control of stocks and stores within the organisation.

3.25 On a day to day basis the /Corporate Services Assistant(s) have responsibility for ensuring that stationery stores and cleaning materials are kept under control.

3.26 Any orders for new stocks must be made on an official order form and approved by the Director or the Housing Manager or the HOF before ordering.

STAFF/COMMITTEE PURCHASES

3.27 Staff members should bear in mind the Scottish Housing Regulator Rules and Regulations governing related party transactions, the Staff Code of Conduct and the Gifts and Hospitality Policy.

3.28 Staff members should not knowingly make purchases from Contractors and Suppliers used by Knowes Housing Association.

3.29 However it is not reasonable that this rule should apply to large businesses and institutions, such as utility companies or food stores, and therefore the Association would use reasonableness to judge whether or not impropriety had occurred. Most importantly – did the staff member knowingly use the fact that they were employed by Knowes to gain better rates or benefits for themselves from the transaction?

3.30 Staff should also be aware that staff are not allowed to benefit from their employment with Knowes other than through their conditions of employment.

3.31 Para 3.26 to 3.28 also apply to committee members.

4. Expenditure

GENERAL

4.1 The HOF has overall responsibility for making payments to suppliers of goods and services to the Association.

AUTHORITIES

4.2 Purchasing authority within Knowes Housing Association Ltd has been delegated to the Director, the Housing Manager, the Property Services Manager and the Head of Finance.

4.3 The HOF shall maintain a register of authorised signatories including limits. Any changes to the authorities to sign must be notified to and approved by the Finance Sub Committee.

- 4.4 Delegated budget holders are not authorised to commit the Association to expenditure without first ensuring that sufficient funds are available to meet the purchase cost.
- 4.5 The budget holder certifying the invoice for payment should be different from the member of staff signing the order form.
- 4.6 Expenditure on a single item in excess of £5,000 should have prior approval of the Finance Sub Committee unless relating to payments on a contract which is part of the Association's strategic plan and agreed by the Committee during the budget process.
- 4.7 The Director has the authority to make one off compensation payments to complainants who have suffered a financial loss as the results of actions taken or failed to be taken by the Association up to the value of £500.00. Any claims for compensation above this amount should be referred to Knowes' insurance company.

PETTY CASH

- 4.8 Petty Cash will be held by the Finance Section and will be kept in a locked box within the safe. It is the responsibility of the Finance Officer to ensure that a balance of £500 is maintained for Knowes HA. The amount will be reviewed from time to time at the discretion of the Head of Finance.
- 4.9 Detailed guidance on the use and issue of petty cash will be issued by the HOF and is contained in the Association's financial procedures.

PURCHASE OF GOODS

- 4.10 The ordering of goods and services shall be in accordance with the Association's detailed financial procedures.
- 4.11 Official Association order forms must be used for the purchase of all goods or services, except those made using petty cash or those items which can only reasonably be purchased via the internet.

PROCUREMENT OF GOODS AND SERVICES

- 4.12 The Corporate Services Assistants will be responsible for the order of stationery stock and cleaning materials and other general office goods. Every purchase order should be approved by the Director, the Housing Manager or the HOF. Purchases may be made in line with annual budgets.
- 4.13 Purchases of office assets exceeding £5,000 for a single item should have the approval of the Finance Sub-Committee and where possible at least three quotes should be obtained for the item to ensure value for money is obtained.

The exception to this would be in the case of an emergency purchase e.g. complete server failure where a new server requires to be installed immediately.

CREDIT CARDS

- 4.14** Knowes has two credit cards – one used by the HOF and one for Director. The total purchase limit is £15,000, £7,500 on the HOF card and £7,500 on the Directors card. All credit card purchases should be accompanied by a purchase order.
- 4.15** Credit card statements will be authorised by a member of the senior management team on a monthly basis as received. The director's credit card statement should be authorised by the HOF and the HOF statement should be authorised by the director.
- 4.16** Under no circumstances should Knowes' credit cards be used for personal purchases.

CONTRACTS

- 4.17** Building and repairs and maintenance contracts are the responsibility of either the Management committee or the Property Services Committee and are administered on a day to day basis by the Association's Property Services Manager. These will comply with the Association's procurement strategy and relevant maintenance policies and procedures and will be in line with EU and Scottish Government Legislation and SHR Guidelines and requirements.

PAYMENT OF INVOICES

- 4.18** A new supplier form must be completed for all suppliers added to the purchase ledger system.
- 4.19** The procedure for making all payments shall be in a form specified by the HOF.
- 4.20** The HOF is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to regular suppliers will be made by BACs payments on a weekly basis. Other ad-hoc suppliers and suppliers who do not wish/or cannot be paid by BACs will be made by manual cheques as prepared by the Finance Section weekly.
- 4.21** Regular monthly bills, for example, heat, light or telephone charges, may be made by direct debit as appropriate. Two members of the Management Team should sign the direct debit bank form.
- 4.22** Suppliers should be instructed to submit invoices for goods or services to the appropriate Manager.

- 4.23** Managers are responsible for ensuring that expenditure within their department does not exceed funds available.
- 4.24** Payments will only be made by the HOF against invoices which have been certified for payment by the appropriate head of section. Certification of an invoice should involve at least two officers in the process and will ensure that:-
- ❑ The goods have been received, examined and approved with regard to quality and quantity, or that services rendered or work done is satisfactory.
 - ❑ Where appropriate, it is matched to the order.
 - ❑ Invoice details (quantity, price, discount) are correct
 - ❑ The invoice is arithmetically correct
 - ❑ The invoice has not previously been passed for payment.
 - ❑ Where appropriate an entry has been made on a stores record
 - ❑ VAT issues have been complied with where they apply
 - ❑ An appropriate cost centre has been quoted. This must be one of the cost centre codes included in the finance ledger and must correspond with the types of goods and services described in the invoice.
- 4.25** Invoices must be passed to the Finance Department as soon as they are certified. Care must be taken to take advantage of discounts for early payment or avoid sub charges for late payment.
- 4.26** From time to time payments may be made for by credit card. These should be kept to a minimum and only used in a situation where a cheque is not accepted or the purchase is made via the internet. Only the Director and the Head of Finance have a company credit card and will authorise all credit card payments.

5. Salaries and Wages

GENERAL

- 5.1** The HOF is responsible for all payments of salaries and wages to all staff including payments for overtime, services rendered and expenses. This is delegated to the Finance Officer on an operational basis.
- 5.2** All time sheets, expense claim forms and other pay documents will be in a form prescribed or approved by the HOF.
- 5.3** All Association staff will be appointed to salary scales as generally laid down by Employers in Voluntary Housing (EVH) conditions of service unless otherwise approved by the Management Committee.

- 5.4** Recruitment policy and procedures are contained in a separate document. All letters of appointment must be issued by the Director (or a member of the Senior Management Team in the Director's absence).
- 5.5** The Director, with the approval of the Management Committee and the Employment Sub Committee where appropriate (as outlined in Knowes staff and recruitment policies) and generally subject to EVH conditions of contract, is responsible for appointments, dismissals, secondments, changes in remuneration, increments and pay awards. The Director is responsible for keeping the HOF informed on these matters which affect payroll.
- 5.6** On a day to day basis the Finance Officer is responsible for maintaining the information for each employee on income tax, national Insurance and pension payments.
- 5.7** The Corporate Services Assistants are responsible for maintaining records on flexi time worked, sickness records, annual leave, absences, etc. and will keep the Director/HOF informed as appropriate.
- 5.8** The HOF is responsible for payments to non-employees and, where appropriate, for informing the appropriate authority of such payments. All part time and casual employees will be included on the payroll. The Association may make use of temporary agency staff from time to time and in this instance payments may be made directly to the agency for staff costs.
- 5.9** The HOF shall have the overall responsibility for keeping all records relating to the payroll including those of a statutory nature. On a day to day basis this task shall be delegated to the Finance Officer.
- 5.10** All payments must be made in accordance with the Association's detailed payroll financial procedures and comply with HMRC Regulations.
- 5.11** The Employment Sub-Committee with reference to the Management Committee is responsible for undertaking the role of employer in relation to the appropriate pension arrangements for employees.
- 5.12** The Finance Officer is responsible for day to day payroll and pension matters including:
- ❑ HMRC payroll returns
 - ❑ Payment of contributions to the authorised pension scheme.
 - ❑ Preparing the returns to the pension scheme ensuring new starts/leavers/salary changes are included in returns as appropriate.

TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

- 5.13** All claims for payment of subsistence, allowances, travelling and incidental expenses shall be completed in a form approved by the HOF.

- 5.14** Claims by members of staff must be certified by at least a Senior Officer of the company or the Finance Sub Committee in the case of the Director. The certification by the Management Team shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Association.
- 5.15** The association has a separate policy on staff expenses which should be adhered to by staff.
- 5.16** The association has a policy on committee expenses which should be adhered to by committee members.

6 ASSETS

- 6.1** The purchase, lease or rent of land or buildings or fixed plant or construction of properties can only be undertaken as part of an approved development programme detailed in the Association's business plan and Strategy and Development Funding Plan. Ad-hoc purchases of houses may be made as in accordance with the Association's Buy Back and Mortgage to Rent Policies.
- 6.2** The HOF is responsible for maintaining the association's register of land, buildings, fixed plant and machinery.
- 6.3** The HOF is responsible for maintaining a register of all other fixed assets including computer equipment, office furniture and equipment. The inventory must include items donated or held in trust.
- 6.4** The registers of assets must be checked at least annually and retained in a form prescribed by the HOF and as approved by the auditors.

ASSET DISPOSAL

- 6.5** Disposal of equipment and furniture must be approved by the Finance Committee and be in accordance with the Association's detailed financial procedures.
- 6.6** Disposal or demolition of land and buildings must only take place with the authorisation of the management committee. The SHR and the Association funder's consent should be sought as required.

TREASURY MANAGEMENT (INVESTMENTS AND BORROWINGS)

- 6.7** The Finance Sub Committee is responsible for approving a treasury management policy statement setting out the policies for cash management, long term investments and borrowings. The Finance Sub Committee has a

responsibility to ensure the implementation, monitoring and review of such policies.

- 6.8** All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Finance Sub-Committee. All borrowings and investments shall be in the name of the Association and shall conform to any relevant SHR requirements. The HOF is required to act in accordance with the Association's treasury management policy as approved by the Finance Sub Committee.
- 6.9** The HOF will report to the Finance Sub Committee regularly in the financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to her including monitoring compliance.

7. Other

GROUP STRUCTURES AND SUBSIDIARIES

- 7.1** In certain circumstances it may be advantageous to the Association to establish group structures or subsidiaries to undertake services for it on its behalf.
- 7.2** The Management Committee is responsible for approving the establishment of group structures or subsidiaries and the procedures to be followed in order to do so. The process involved in forming a company and arrangements for monitoring and reporting on the activities of subsidiary undertakings are documented in the association's financial procedures and follow SHR regulations and advice notes.
- 7.3** It is the responsibility of the Management Committee to establish the shareholding arrangements and appoint directors of companies wholly or partially owned by the organisation.
- 7.4** The director of a company, where the Association is the majority shareholder, will submit via the Finance Sub Committee an annual report to the board.
- 7.5** The HOF will be responsible for preparing group accounts where required to by statute.

RISK MANAGEMENT

- 7.6** The Management Committee is responsible for developing a risk management policy in line with the requirements of the SHR, SFHA best practice and Knowes' insurer, in order to identify the risks facing the association and types of protection required to cover those risks. The policy should cover important potential liabilities such as storm, fire, and flood and be sufficient to meet any potential risks to all assets.

INSURANCE

- 7.7** The HOF will be responsible for effecting insurance cover as determined by the finance committee, all relevant legislation including Scottish and EU

procurement legislation and SHR guidelines. She is responsible for obtaining quotes, negotiating claims and maintaining the necessary records. She will also deal with the association's insurers and advisers about specific insurance problems.

- 7.8** The Director, the HOF, the Housing Manager and the Property Services Manager must ensure that any contracts negotiated with external bodies cover any legal liabilities to which the association may be exposed. Where necessary the legal advice should be sought to ensure that this is the case. All department heads should give prompt notification to the HOF of any potential new risks and additional property and equipment which may require insurance and any alteration affecting existing risks.
- 7.9** Members of staff must advise the appropriate head of section of any event which may give rise to an insurance claim. (See also the Association's Business Continuity Plan). The appropriate will notify the Association's insurers and if appropriate prepare a claim for transmission to the insurers.
- 7.10** The HOF will keep a schedule of all insurances effected by the association and the property and risks covered.
- 7.11** The Property Services Manager is responsible for keeping suitable records of plant, buildings and internal and external spaces and pathways which are subject to inspection by the Association and for ensuring that the inspection is carried out in the periods prescribed.
- 7.12** The Housing Manager is responsible for keeping records for the inspection of closes and back court areas.
- 7.13** All staff using their own vehicles on behalf of the Association shall maintain appropriate insurance cover for business use. A copy of the insurance policy should be presented to the Finance Officer on an annual basis.

TAXATION

- 7.14** The HOF is responsible for advising the committee and staff of Knowes all taxation issues in the light of guidance issued by the appropriate bodies and the relevant legislation as it applies to the association. Therefore the HOF will issue instructions to departments on compliance with statutory matters including those concerning VAT, PAYE, NI, Sub-Contractor's contributions and Corporation Tax. (The Association has charitable status and is not subject to Corporation tax at present).
- 7.15** The HOF is responsible for maintaining the Association's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. She is also responsible for developing an effective taxation strategy which will minimise the tax burden to the Association. The day to day responsibility for PAYE/NI and payroll year end returns has been delegated to the Finance Officer.

SECURITY

- 7.16** Each member of staff is individually responsible for maintaining proper security at all times for all buildings, stock, stores and furniture, cash under his/her control. He/she shall consult the Director/HOF where security is thought to be defective or where it is considered that special security arrangements may be needed. Only delegated members of staff will hold keys to the main office and gates. A list of all key holders will be maintained by the Corporate Services Assistant. Lost keys should be reported to the Director immediately and appropriate action will be taken.
- 7.17** The Finance Department is responsible for maintaining the safe keys responsibly and for ensuring that codes to the safe are kept securely. The loss of safe keys must be reported to the HOF immediately or another member of the Senior Management Team in her absence.
- 7.18** Individual heads of sections are responsible for ensuring that the staff reporting to them maintain proper security and privacy of information. Access to areas where data is stored will be restricted only to the authorised users of that data. Information relating to individuals held on computer will be subject to the provisions of GDPR. The Director will ensure overall compliance with the act with the assistance of the Management Team and Officers of Knowes.

CODE OF CONDUCT FOR STAFF

- 7.19** The association requires staff at all levels to observe Knowes' Code of Conduct, a copy of which has been circulated to all staff and is contained within Knowes' policies.
- 7.20** Committee Members should abide by the Code of Governance for committee members as published by the Scottish Federation of Housing Associations, The Office of Scottish Charity Regulator (OSCR) recommendations and the Charities and Trustee Investment (Scotland) Act 2005 and SHR regulatory guidance. They are required to disclose interests in the Association's Register of Interests of Committee members.

HOSPITALITY

- 7.21** The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Association's Gifts and Hospitality Policy.

PERFORMANCE STANDARDS

- 7.22** The Association shall use SHR Regulatory framework as its minimum benchmark. The Director is responsible for compiling the Annual Return on the Charter which should be submitted to the Management Committee for approval before submission to the SHR by its due date.

