

ABRONHILL HOUSING ASSOCIATION LTD

Financial Procedures

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Finalised and approved at Management Committee Meeting of 29 September 2016.

Review date: no later than November 2019

Introduction

- 1.1. In order to facilitate the efficient and effective operation of the organisation in matters relating to finance, a series of financial controls have been established. This is also to ensure compliance with Standard 3 of the Scottish Housing Regulator (SHR) Regulatory Standards of Governance and Financial Management.
- 1.2. These controls incorporate basic elements of financial control which exist in most organisations as well as those which may be peculiar to this particular organisation.
- 1.3. It is in the interests of the organisation that these controls are made known and are adhered to by both staff and Committee members. Awareness of these controls will form part of the induction for new staff and Committee members.
- 1.4. These procedures shall be reviewed on a three yearly basis.
- 1.5. The Association must ensure that where records of a financial nature are kept outwith the finance section that consultation and agreement with the finance agents is undertaken and reached in order to ensure that the manner in which records are kept is appropriate for audit purposes.
- 1.6. In addition, consultation with the finance agents must take place for all transactions, which shall have a material financial effect, including any maintenance, purchase or leasing agreements.
- 1.7. It is essential that the finance agents be notified immediately of any event which has, or may have, material financial implications for the Association.
- 1.8. In the event of failure to follow agreed procedures further action may be taken against the offending individual(s).
- 1.9. These financial procedures together with financial regulations form part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Standards of Governance and Financial Management.

Budget Process

- 2.1 The Finance Agents should prepare a budget statement for Committee consideration and approval, prior to the commencement of the financial year.
- 2.2 The value of the budget statement as a Management tool should be recognised and under no circumstances should an organisation be operating without a comprehensive budget document.
- 2.3 In preparing the budget statement appropriate consultation and discussion with all sections of the organisation must take place and guidance from relevant authorities must be recognised and considered.
- 2.4 The budget setting process must allow adequate input from all sections within the Association. The Finance Agents shall issue a formal and detailed budget information request, including a timescale for submission, in November of each financial year to the Association. The Director/Depute Director has responsibility for co-ordinating the supply of information to the Finance Agents within agreed timescales.
- 2.5 The Management Committee shall consider a draft budget for the year in January/February, prior to the start of the new financial year and, prior to approving the annual rent increase. The final budget document approved for the year must be approved prior to the commencement of the financial year.
- 2.6 On completion of the annual budget a copy shall be sent to the external auditors and all funders.
- 2.7 Each Staff member should be aware of budgets within their control and should have in place effective tools for managing their budgets throughout the year. Any requirement to exceed a budget should be drawn to the attention of the Director/Depute Director immediately and a Report submitted to the relevant Committee for approval.
- 2.8 Management accounts should be prepared on a quarterly basis and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to Committee within the covering report issued within the management accounts.

Timetable for Budget Setting

Budget Setting Timetable

Budget request issued to Senior Staff	November
Budget information submitted to finance	November/December
Draft Budget to Management Committee	January
Final Budget updated to reflect December inflation figure and points from Management Committee meeting.	February

3. Tendering Procedure

- 3.1 Contractors invited to tender must be selected in line with best practice.
- 3.2 Where works are of a specialised nature a list of no less than three suitable firms must be compiled for Committee consideration and approval.
- 3.3 A tender brief must be issued to contractors being invited to tender and must contain clear detail regarding work required, property address, tender expiry date/time together with other relevant or material information.
- 3.4 Contractors must be advised to submit their tender documents in a sealed envelope clearly marked 'tender documents'.
- 3.5 Under no circumstances should any tender documents be opened prior to the agreed date/time by which tenders had to be received.
- 3.6 All tenders must be opened in the presence of a minimum of one staff member and two Committee members.
- 3.7 Details of the tendering company, tender cost and witnesses' signatures must be entered in a tender register which will contain the nature of the works, companies invited to tender and the closing date/time for tender submissions. The register will also highlight where no tender submission is made by a company.
- 3.8 Where the lowest tender is not accepted details of the reasons for this decision must be clearly noted in the tender report submitted to the committee.

4. Loan Agreement Compliance

- 4.1 In order to ensure the proper monitoring of compliance with the terms of Loan Agreements with lenders the following clauses and their contents must be noted: -
- Information
 - Covenants
 - Valuations
 - Default
- 4.2 The Finance Agents shall have responsibility for ensuring the monitoring and submission of financial information including; budgets, quarterly management accounts, annual accounts, covenant monitoring and revisions to long-term projections.
- 4.3 The Director/Depute Director have a duty of responsibility regarding full awareness and adherence to the terms of and conditions of all Loan Agreements with all lenders.

5. Receipt of Monies

- 5.1 Cheque receipts coming into the Office via the postal service should be entered into the mail book by the Admin/Finance Officer, (or in their absence the person who is opening the post). The entry should detail who has made the payment, date of receipt and the sum received.
- 5.2 These cheques together with the remittance vouchers should be passed to the Admin/Finance Officer who should enter the appropriate details in the pay in book prior to banking.
- 5.3 In the absence of a remittance voucher, a substitute income voucher should be prepared by the Admin/Finance Officer confirming details of the receipt. It is the responsibility of the Admin/Finance Officer to advise the relevant colleague of sums received.
- 5.4 Cash receipts of rent, chargeable repairs and other sources of income at the office counter are not allowed under any circumstance. Temporary cards for emergency rent payments and other payments would be provided to enable tenant to pay at any paypoint site.
- 5.5 Cheque funds of a material amount, defined as amounts over £1,000, must be lodged on day of receipt prior to close of banking business.
- 5.6 All deposits must be identified via a remittance advice note or substitute invoice voucher. These confirmations shall be filed in the income vouchers folder on the computer.
- 5.7 The Housing Officers are responsible for ensuring the rent receipts are posted to the tenants' accounts.

6. Invoices/Orders

- 6.1 A staff member shall, on ordering general goods, complete an order form, which should state a description of the goods. A copy of the order form should be attached to the invoice if applicable.
- 6.2 When the invoice for the goods is received, the Admin/Finance Officer shall date stamp the invoice and pass Repairs Invoices to the Maintenance Officer who shall be responsible for processing and returning to the Admin/Finance Officer the invoices for entering details in the purchase ledger.
- 6.3 The invoice, when authorised, should be returned to the Admin/Finance Officer for payment.
- 6.4 Invoices for Maintenance works shall follow the above procedure with the following exceptions: -
 - i) The person receiving notification of a repair is responsible for issuing repair orders. All staff are expected to take responsibility for accepting repairs.
 - ii) In the event that actual costs cannot be specified, an estimated cost, based on the schedule of rates, should be contained on the order.
 - iii) Invoice will be checked against work order and agreed to the SDM system.
 - iv) It is the responsibility of the Admin/Finance Officer to ensure the appropriate coding of the repair invoices.
- 6.5 Authorisation levels are contained within the Association's Financial Regulations.
- 6.6 It is the responsibility of the Admin/Finance Officer to review the purchase ledger, at least bi-monthly, to ensure no overdue accounts exist.
- 6.7 Where any miscellaneous invoices are issued by the Association they should be dated, referenced and maintained in an appropriate register by the Admin/Finance Officer. The issuing of all invoices is the responsibility of the Admin/Finance Officer.
- 6.8 Supplier's statements at the financial year end should be retained for audit purposes.

7. **BACS and Cheque Payments**

- 7.1 Requests for payments must be supported by an authorised invoice or an authorised payment request form.
- 7.2 Cheques and BACS payments shall be presented for payment on a monthly basis.
- 7.3 All cheques/BACS payments require two signatures. Currently, the Association cheque signatories are: -

Linda Black	Chair
Hazel Paterson	Vice Chair
Kevin McMail	Treasurer
Dot Hutchsion	Secretary
John Mulholland	Director
Cathy Brien	Depute Director

- 7.4 On authorisation, the invoices approved will be inserted into the expenditure vouchers lever arch folder.
- 7.5 Cheques should then be issued to the payee together with a suitable remittance advice confirming payment details. BACS payees should receive a remittance; this will be emailed automatically through the SDM Purchase Ledger module, or posted if no email address is available.
- 7.6 Cheques issued should run in numerical order.
- 7.7 In the event that no invoice is available e.g. petty cash, rent refund etc, a completed payment request voucher must be available and be fully authorised in accordance with the invoice procedures. It is the responsibility of the staff member requesting payment to complete the payment request voucher.
- 7.8 The Association currently operates the following accounts with the Royal Bank of Scotland.

Current account ; Rent account; High Interest account; Loan account;

In addition the Association also operates the following accounts

Allpay Ltd

- 7.9 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment shall be made within 30 days. Where practical, the Admin/Finance Officer shall allow the maximum credit period prior to payment.
- 7.10 In the event of the Association being notified of a change of bank details, the Admin/Finance Officer will be responsible for ensuring that the request is legitimate. The Admin/Finance Officer will phone the supplier using existing contact details. This will ensure that the changes have been verified verbally and in writing. Any discrepancies will be reported to the Director/Depute Director.
- 7.11 All payments made by the Association are able to be reviewed by FMD, external auditors, senior staff and Committee members, under Committee direction, at any time.

8. Use of Visa Card

8.1 The Visa cards may only be used by authorised card holders. Currently the authorised card holders are:

Andrew Moore	Maintenance Officer
Amanda Herson	Housing Officer
Jackie Daisley	Admin/Finance Officer

8.2 The Visa cards shall be kept in the locked petty cash box.

8.3 Before a payment is made with the Credit Card, a form must be completed with as much information as possible. This will include justification that the purchase is for business use. This form must be authorised prior to purchase by the Director or Depute Director.

8.4 Supporting paperwork for all occasions when the Visa cards are used shall be stored by the Admin/ Finance Officer until receipt of the bill

8.5 On receipt of the Visa bill, the Admin/Finance Officer shall check the bill against the supporting paperwork. Where there is a transaction on the statement that does not have the correct form or receipt this must be queried and resolved immediately.

8.6 The Visa bill is paid by Direct Debit from the Royal Bank current account.

8.7 The Finance Agent shall check the Visa account quarterly. The Finance Agent shall initial the Visa account as evidence of the checking.

8.8 Misuse or suspected misuse of a Visa card shall be reported to the Management Committee without delay.

8.9 Records of all Visa accounts and supporting paperwork shall be filed with the bank statements. Filing of the Visa accounts shall be the responsibility of the Admin/Finance Officer.

9. Petty Cash

- 9.1 All petty cash disbursements must be accompanied by a receipt and/or a petty cash voucher signed by the parties making and receiving payment.
- 9.2 The petty cash vouchers must contain details of what the expense refers to and must be dated as at time of payment.
- 9.3 All staff expenses shall be paid via the wages system as opposed to via petty cash. Any reimbursement of costs incurred, where a receipt is available, may be paid via petty cash.
- 9.4 At no time should the petty cash fund be used by any Staff/Committee member for purposes other than expenditure wholly and necessarily incurred on official business.
- 9.5 The person responsible for the handling of petty cash and associated records must be clearly defined. Currently this is the Admin/Finance Officer.
- 9.6 It is essential that the petty cash box remains in a locked cabinet unless cash deposits/disbursements are being made.
- 9.7 Regular checks on the petty cash records should be made by an official other than staff member responsible for maintaining the petty cash system. This should be carried out by the Finance Agent who must initial the petty cash book as evidence of checking.
- 9.8 Any petty cash shortage which cannot be identified must be advised to the Director/Depute Director or Finance Agents without delay.
- 9.9 The Admin/Finance Officer shall carry out a reconciliation of the petty cash account at each month end and shall ensure that sums within the petty cash system remain at or below the Association's insurance cover levels.

10. **Salaries/Expenses**

- 10.1 Salary and wage increases arising from staff promotions, incremental increases or pay awards must be approved by the Management Committee prior to any payment being made.
- 10.2 Any request for overtime should be approved by Committee in advance where possible and any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the Director/Depute Director or Office Bearer.
- 10.3 Any request for reimbursement of expenses/mileage costs should be accompanied by an expenses claim form signed by the individual requesting payment and authorised in accordance with the Financial Regulations. Receipts should be provided where possible.
- 10.4 All sickness absences of over 7 calendar days require a fitness note.
- 10.5 All sickness absences of 7 calendar days or less require completion of a self-certification form.
- 10.6 For the purposes of statutory sick pay the finance agents must be made aware of all absences from work arising from sickness.
- 10.7 Salary processing is the responsibility of the finance agents
- 10.8 Salary payments are due on the 25th day of each month and shall be processed to ensure adherence with this timetable.
- 10.9 The Finance Agents are responsible for submission of all PAYE returns and RTI Submissions in accordance with statutory timetables.
- 10.10 The Admin/Finance Officer is responsible for paying of salaries through the BACS process, the payment of pension contributions, tax, national insurance and union dues.

11. Committee Expenses

- 11.1 All claims for reimbursement of expenses must be accompanied by an expenses claim form signed by the individual requesting payment and countersigned by the Association's Admin/Finance Officer.
- 11.2 Where possible receipts must be obtained and attached with any claim made.
- 11.3 Whilst it is preferred that payment by cheque should be made it is recognised that payments via petty cash may be required.
- 11.4 No cheque signatory may sign a cheque payable to themselves.
- 11.5 Where payment is made to a third party in respect of childminding expenses proof of payment must be provided.
- 11.6 All expenses paid will be available for inspection by the finance agents, the Director/Depute Director and any Committee members.
- 11.7 Payment of expenses shall be made in accordance with the Committee Expenses policy.

12. Maintenance/Repairs

- 12.1 The Director/Depute Director will be advised by the finance agents prior to the commencement of each financial year of funds available for day to day, cyclical and major repair maintenance works.
- 12.2 The allocation of funds will exclude any salary costs, recoverable costs and overhead allocation and will refer solely to monies available for repairs by outside contractors and the purchase of materials.
- 12.3 Staff will liaise with the finance agent prior to the commencement of the financial year for the purposes of agreeing an annual maintenance/repairs plan to be submitted to Committee for approval.
- 12.4 The Maintenance Officer will prepare a list of approved contractors for Committee approval annually which will state:-
- Trade
 - VAT registered
 - Valid insurance documents
 - Equal opportunities compliance
 - Schedule 7 details equivalent
- 12.5 Finance/Maintenance staff will liaise on a quarterly basis for the purposes of monitoring actual/planned expenditure.
- 12.6 The Director/Depute Director is responsible for ensuring that expenditure remains within budget.
- 12.7 The Maintenance Officer is responsible for ensuring that all contractors hold current and valid insurance cover.
- 12.8 It must be recognised that circumstances may result in the annual budget allocation being amended during the course of the financial year.
- 12.9 Where it is expected that specific repair projects will exceed £5,000 the appropriate procedures for tender returns must be observed unless it is necessary to carry out the work immediately in order to prevent danger to life, limb or property. For works in excess of £2,500 but below £5,000 three quotations will be sought.
- 12.10 Projections of cyclical maintenance/major repair works must be compiled under the control of the Director/Depute Director and be reviewed on an annual basis in order to allow incorporation of the financial effects into the revised long term financial projections.

13. Chargeable Repairs

- 13.1 General procedures relating to chargeable repairs are contained within a separate Chargeable Repairs procedures notes retained by the Maintenance Officer.
- 13.2 Procedures relating to the receipt of funds for chargeable repairs activity are noted within the receipt of funds financial procedure.
- 13.3 It is the responsibility of the Housing Officer to code rechargeable invoices in an appropriate manner in order to confirm any invoices to be recharged.
- 13.4 Invoices in respect of rechargeable repairs shall be prepared by the Admin/Finance Officer.
- 13.5 A copy of all Rechargeable Repairs invoices shall be retained by the Housing Officers. The Admin/Finance Officer shall produce a full reconciliation, at each month end, detailing date of issue, name, address, amount invoiced, payment date and closing balances.
- 13.6 The Finance Agents shall agree the Control Account balance with the month end trial balance total for rechargeable repairs outstanding. Any differences should be investigated and resolved promptly.

14. Insurance Claims

- 14.1 The submission of all property insurance claims is the responsibility of the Maintenance Officer.
- 14.2 Whilst it is the responsibility of the Maintenance Officer to advise and liaise with the loss adjuster on property claims, the finance agents must be made aware, at the outset, of any material issues and be kept informed regarding progress.
- 14.3 It is the responsibility of the Maintenance Officer to code maintenance invoices in an appropriate manner in order to confirm, to finance, any invoices subject to a claim.
- 14.4 Copies of all claims should be retained in an Insurance Claims lever arch folder which should contain a summary sheet detailing date of incident, date of claim, address, claim amount, payment received and date of receipt. Responsibility for this task lies with the Admin/Finance Officer.
- 14.5 The Finance Agents should agree the balances outstanding at each month end with the trial balance control account for insurance claims. Any differences should be investigated and resolved promptly.

15. Component Accounting

- 15.1 Programmes of work that will be capitalised will be determined annually within the annual budget, although priorities may change throughout the year, any changes must be agreed and approved by the Management Committee.
- 15.2 The Finance Agent will administer an excel database of all assets, replacements, disposals and depreciation calculations. The Finance Agent is responsible for maintaining the component database, updating it on a quarterly basis.
- 15.3 Journal entries must be posted quarterly for component replacements. Journal entries for, disposals and the depreciation charge will be posted annually, once the excel database has been appropriately updated. The Finance Agent will be responsible for producing the Journal
- 15.4 Copy invoices for all replacements must be kept in the component accounting file within Finance.

Please sign below that you have read and understood the Financial Procedures approved <date>

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