

ABRONHILL HOUSING ASSOCIATION LTD

Financial Procedures

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Reviewed date: September 2023

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- 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 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 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.
- 2.9 The Management Accounts will also include a forecast outturn to the end of the financial year. This will consider; the forecast gross surplus, net surplus, cashflow and covenant compliance.

Timetable for Budget Setting

Budget Setting Timetable

Budget request issued to Senior Staff	November
Budget information submitted to the Finance Agent	November/December
Draft Budget to Management Committee	January/February
Final Budget updated to reflect points from Management Committee meeting.	February/March

Tendering Procedure

3.1 Tendering procedures are detailed within the Association's Procurement policy.

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 to Lenders including; budgets, quarterly management accounts, annual accounts, covenant monitoring, covenant compliance certificates and revisions to long-term projections.
- 4.3 The Director has a duty of responsibility regarding full awareness and adherence to the terms of and conditions of all Loan Agreements with all lenders.

5. General Ledger

- 5.1 The Admin/Finance officer is responsible for maintaining the Association's finance ledgers. This includes purchase and sales ledgers and nominal ledger.
- 5.2 Data is inputted into purchase and sales ledgers as required and the Admin/Finance Officer carries out all month end updates.
- 5.3 The Admin/Finance Officer prepares and inputs all journal entries into the nominal ledger. Some journal entries may be prepared by the Finance agent.
- 5.4 The Admin/Finance Officer reconciles all bank statements to nominal ledger balances every month.
- 5.5 The Admin/Finance Officer carries out any other reconciliations as required . This includes wages analysis, rent analysis and any other analysis as required.

6.Receipt of Monies

- 6.1 Any Cheques received via the postal service 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.
- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 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.
- 6.6 The Housing Officers are responsible for ensuring the rent receipts are posted to the tenants' accounts.

7. Invoices/Orders

- 7.1 Goods and supplies can be ordered by staff on line or by email in line with agreed authorisation levels.
- 7.2 When invoices are received by post or by email, they should be compared to any ordering documentation (including electronic info) by the staff member who made the order before passing to the Admin/Finance office who shall enter the details into the purchase ledger.
- 7.3 The invoice, when authorised, should be returned to the Admin/Finance Officer for payment.
- 7.4 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) Invoices will be checked against work order and agreed to the SDM system.
 - iv) It is the responsibility of the Maintenance Officer and Admin/Finance Officer to ensure the appropriate coding of the repair invoices.
- 7.5 Authorisation levels are contained within the Association's Financial Regulations.
- 7.6 It is the responsibility of the Admin/Finance Officer to review the purchase ledger, at least monthly, to ensure no overdue accounts exist.
- 7.7 Where invoices are to be recharged to a tenant, these must be identified by the Maintenance Officer and notified to Housing Officers and the Admin/Finance Officer. The Housing Officers will arrange for an invoice to be issued to the tenant and details will be passed to the Admin/Finance Officer who will maintain details of all such invoices issued and any payments made by tenants. These details will be reconciled to the nominal ledger every month.

8. BACS and Cheque Payments

- 8.1 Requests for payments must be supported by an authorised invoice or an authorised payment request form.
- 8.2 BACS payments shall be presented for payment on a monthly basis, although payments can be made out with this timetable upon request. Cheques are only used in exceptional circumstances.
- 8.3 BACS payments for authorised and approved invoices will be arranged and authorised by the Admin/Finance officer.

Cheque payments are now very rare but must still require at least two signatures. These can be any two of the approved signatories which are detailed below. No signatory can sign a cheque that is payable to themselves.

Cheque signatories are as follows;

Chairperson
Vice Chairperson
Treasurer
Secretary
Director

The individuals holding these positions may change from time to time and will always be confirmed at the first committee meeting following the AGM.

- 8.4 On authorisation, the invoices approved will be filed appropriately.
- 8.5 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.
- 8.6 Cheques issued should run in numerical order.
- 8.7 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.
- 8.8 The Association currently operates the following accounts with the Royal Bank of Scotland.

Current account; Rent account; High Interest account.

In addition the Association also operates the following accounts

Allpay Ltd, Nationwide Building Society, Bank Of Scotland loan a/c

- 8.9 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.

- 8.10 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.
- 8.11 All payments made by the Association are able to be reviewed by the Finance Agents , external auditors, senior staff and Committee members, under Committee direction, at any time.

9. Use of Credit Card

- 9.1 The Mastercard credit cards may only be used by authorised card holders. Currently the expenditure limit is £5,000 Current authorised card holders are:

Andrew Moore	Maintenance Officer £500
Amanda Herson	Housing Officer £500
Jackie Daisley	Admin/Finance Officer £2,000

- 9.2 The Visa cards shall be kept in the locked petty cash box when not in use.
- 9.3 Credit cards can be used to make purchases on line or by email. The staff member making a purchase will be responsible for ensuring that supporting documentation (including in electronic format) is available to back up/support each purchase. Each purchase shall be countersigned as soon as practicably possible by the Director. A quarterly report on credit card spend shall be included within the quarterly Management Accounts which are presented to the Management Committee.
- 9.4 Supporting documentation for all occasions when the credit cards are used shall be made available to the Admin/ Finance Officer. Credit card details must not be stored on internet sales sites.
- 9.5 On receipt of the Mastercard bill, the Admin/Finance Officer shall check the bill against the supporting documentation. Where there is a transaction on the statement that does not sufficient supporting documentation this must be queried and resolved immediately.
- 9.6 The Mastercard bill is paid by Direct Debit from the Royal Bank of Scotland current account.
- 9.7 Misuse or suspected misuse of a credit card shall be reported to the Management Committee without delay.
- 9.8 Records of all credit card 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.

10. Petty Cash

- 10.1 All petty cash disbursements must be accompanied by a receipt and/or a petty cash voucher signed by the parties making and receiving payment.
- 10.2 The petty cash vouchers must contain details of what the expense refers to and must be dated as at time of payment.
- 10.3 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.
- 10.4 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.
- 10.5 The person responsible for the handling of petty cash and associated records must be clearly defined. Currently this is the Admin/Finance Officer. The petty cash limit is £200 although this can be temporarily exceeded when a cheque is drawn to replenish the cash.
- 10.6 It is essential that the petty cash box remains in a locked cabinet unless cash deposits/disbursements are being made.
- 10.7. Any petty cash shortage which cannot be identified must be advised to the Director or Finance Agents without delay.
- 10.8. 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. Details of petty cash transactions should be posted into the nominal ledger on a monthly basis.

11. **Salaries/Expenses**

- 11.1 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.
- 11.2 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 or Office Bearer.
- 11.3 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.
- 11.4 All sickness absences of over 7 calendar days require a fitness note.
- 11.5 All sickness absences of 7 calendar days or less require completion of a self-certification form.
- 11.6 Salary processing is the responsibility of the finance agents who will be notified of Any changes to wages to be paid each month by the Admin/Finance Officer.
- 11.7 Salary payments are due on the 25th day of each month and shall be processed to ensure adherence with this timetable. (Payment for December's salary may differ depending on holiday dates.)
- 11.8 The Finance Agents are responsible for submission of all PAYE returns and RTI Submissions in accordance with statutory timetables.
- 11.9 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.
- 11.10 Voluntary deductions e.g. for staff savings, credit union, and any salary sacrifice schemes including child care vouchers and bike to work schemes etc must be supported by written authorisation given by the employee.

12. Committee Expenses

- 12.1 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.
- 12.2 Where possible receipts must be obtained and attached with any claim made.
- 12.3 Whilst it is preferred that payment by BACS should be made it is recognised that payments via petty cash may be required.
- 12.4 No cheque signatory may sign a cheque payable to themselves.
- 12.5 Where payment is made to a third party in respect of childminding expenses proof of payment must be provided.
- 12.6 All expenses paid will be available for inspection by the finance agents, the Director and any Committee members.
- 12.7 Payment of expenses shall be made in accordance with the Committee Expenses policy.

13. Maintenance/Repairs

- 13.1 The annual budget setting process will determine the level of funds available for reactive, cyclical and major repairs, including component replacements.
- 13.2 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.
- 13.3 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.
- 13.4 The Maintenance Officer will prepare a register of contracts for inclusion in our Publication Scheme which is published on the Association's website. This states the approximate value and duration of the contract.
- 13.5 Finance/Maintenance staff will liaise on a quarterly basis for the purposes of monitoring actual/planned expenditure.
- 13.6 The Director is responsible for ensuring that expenditure remains within budget.
- 13.7 The Maintenance Officer is responsible for ensuring that all contractors hold current and valid insurance cover.
- 13.8 It must be recognised that circumstances may result in the annual budget allocation being amended during the course of the financial year. Any such changes must be approved by the Management Committee.
- 13.9 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 £1,000 but below £5,000 two quotations will be sought.
- 13.10 Projections of cyclical maintenance/major repair works must be compiled under the control of the Director and be reviewed on an annual basis in order to allow incorporation of the financial effects into the revised long term financial projections.

14. Chargeable Repairs

- 14.1 General procedures relating to chargeable repairs are contained within a separate Chargeable Repairs procedures notes retained by the Maintenance Officer.
- 14.2 Procedures relating to the receipt of funds for chargeable repairs activity are noted within the receipt of funds financial procedure.
- 14.3 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.
- 14.4 Invoices in respect of rechargeable repairs shall be prepared by a Housing Officer and details should be passed to the Admin/Finance Officer.
- 14.5 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.
- 14.6 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.

15. Insurance Claims

- 15.1 The submission of all property insurance claims is the responsibility of the Maintenance Officer.
- 15.2 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.
- 15.3 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.
- 15.4 Copies of all claims should be retained in an Insurance Claims lever arch folder (or scanned to an electronic file) 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 Maintenance Officer.
- 15.5 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.

16. Component Accounting

- 16.1 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.
- 16.2 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 an annual basis.
- 16.3 Journal entries must be posted annually 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
- 16.4 Copy invoices for all replacements must be Finance made available to the Finance Agent and auditors when requested.

Please sign below that you have read and understood the Financial Procedures approved 30 November 2023

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