



fairfield housing
co-operative

FINANCIAL REGULATIONS

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Delegation**

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Policy Owner: Management Committee
Policy Author: Finance Agent

This policy applies to

Management Committee, Chief Executive, Management Team, Staff

Policy Summary

The Financial Regulations establish the responsibilities and rules approved by the Co-operative's Management Committee for the management and protection of FHC's financial resources. The document sets out the responsibilities delegated to Co-operative staff.

Equalities

The operation of the Standing Orders will always be in accordance with FHC's policy on Equality and Diversity).

Privacy

This document fully complies with General Data Protection Regulations (2018).

Compliance

SHR Regulatory Standards

Standard 3: The RSL manages its resources to ensure its financial wellbeing, while maintain rents at a level tenants can afford to pay.

Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

Standard 5: The RSL conducts its affairs with honesty and integrity.

Related Policies

Fairfield Housing Co-operative Rules

Standing Orders

Procurement Policy

Treasury Management Policy

Entitlements, Payments and Benefits Policy

Model Codes of Conduct for Governing Body Members and Staff

Anti-Fraud, Bribery and Corruption Policy

Anti- Money Laundering Policy

Core complementary document

Financial Procedures, including use and monitoring of credit card & petty cash procedures

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1 STATUS OF FINANCIAL REGULATIONS

- 1.1 The Financial Regulations provide a robust policy and procedural framework for Fairfield Housing Co-operative's sound financial management and effective governance, compliant with legislative requirements and good practice.
- 1.2 The financial regulations of the Co-operative form part of its overall system of financial and management control. The rules of the Co-operative, the terms of reference of the Management Committee and its sub committees, and the Standing Orders outline how the Co-operative will be controlled and run.
- 1.3 This document sets out the Co-operative's financial regulations. It translates into practical guidance the Co-operative's broad policies relating to financial control. This document was approved by the Management Committee on [28 April 2020].
- 1.4 Compliance with the financial regulations is compulsory for all staff¹ connected with the Co-operative. It is the responsibility of the Chief Executive and each Line Manager to ensure that their staff are made aware of the existence and content of the Co-operative's financial regulations and that the document is readily available for reference within the Co-operative's document management and electronic storage systems.
- 1.5 The Management Committee is responsible for maintaining a continuous review of the financial regulations and implementing additions or changes, as necessary.
- 1.6 The Co-operative's detailed financial procedures set out how the regulations will be implemented. These should be read as an essential complementary document to these regulations. It is the Assistant Finance Manager's² responsibility to ensure that the Co-operative's financial procedures are prepared, maintained and available to relevant managers, staff or related service providers or agents.

¹ The term "staff" includes anyone appointed to act in an executive officer capacity to support the Co-operative's compliance with required governance and financial standards.

² The term "Assistant Finance Manager" includes a seconded staff member and input from Kingdom's Finance Director and Finance Manager for strategic financial reporting and tasks.

2 FINANCIAL CONTROL

2.1 The Management Committee

2.1.1 The Management Committee has ultimate responsibility for the Co-operative's finances. Its financial responsibilities are:

- to ensure the solvency of the Co-operative.
- to safeguard the Co-operative's assets, taking reasonable steps to prevent and detect fraud and other irregularities.
- to ensure the effective and efficient use of resources, supported by proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative.
- to ensure compliance with the regulatory bodies' performance standards.
- to ensure that financial control systems are in place and are working effectively and that a statement of assurance is produced by the external audit provider annually.
- to ensure that the Co-operative complies with the regulatory body's code of audit practice.
- to approve the Co-operative's strategic business plan and risk management approach.
- to ensure preparation of an annual budget and approve annual estimates of income and expenditure.
- to ensure preparation of annual financial statements and approve these.
- to recommend to the annual general meeting (AGM) the appointment of the Co-operative's external auditors.

2.2 Audit, Risk & Finance Sub Committee ("the Audit Sub Committee")

2.2.1 The Management Committee delegates certain of these responsibilities to the Audit, Risk & Finance Sub Committee. This Sub Committee is accountable to the Management Committee and its remit and responsibilities are set out in the Standing Orders and appended to these regulations at Appendix 1. The Management Committee's financial responsibilities and those delegated to the Audit Sub Committee are set out at 2.3 – 2.4.

2.2.2 The Management Committee undertakes monitoring of the Co-operative's financial position and financial control systems on an ongoing basis. The Management Committee will:

- contribute to the development of the Co-operative's annual budget setting process
- scrutinise the annual budgets and management accounts and approve these.
- ensure that short term (annual) budgets are in line with agreed longer term plans and that they are followed.
- consider any other matters relevant to the financial duties of the Management Committee and make changes accordingly.
- ensure that it has adequate information to enable it to discharge its financial responsibilities.

2.2.3 The Audit Sub Committee is advisory and reports 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 Sub 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.

2.2.4 The Sub Committee is accountable to the Management Committee and has delegated responsibility for keeping under review the Co-operative's risk management strategy and risk profile and actions required for the management of risk.

2.3 Audit Requirements

2.3.1 The Assistant Finance Manager is responsible for ensuring that a timetable is drawn up for the preparation of financial statements (final accounts) for submission to the Management Committee, or Audit Sub Committee on its behalf, and will advise staff and the external auditors accordingly. Financial statements must be in a format complying with the Statement of Recommended Practice for Registered social housing providers, with a Management Committee annual report on key activities and performance in the preceding year and plans for the year ahead and a separate statement on systems of internal financial control.

- 2.3.2 The final audited accounts and the external auditors' audit findings report will be reviewed by the Audit Sub Committee. On the recommendation of the Audit Sub Committee they will be submitted to the Management Committee for approval, and presented for adoption at the Annual General Meeting, normally held in September. Signed copies of the final audited accounts shall be submitted to the Scottish Housing Regulator (SHR) and the Financial Conduct Authority (FCA) within the required timescales. The auditor's Management Letter and the Management Committee response to this shall also be provided to SHR within required timescales.
- 2.3.3 External auditors and internal auditors shall have authority to:
- access Co-operative premises at reasonable times.
 - access all assets, records, documents and correspondence relating to any financial and other transactions of the Co-operative.
 - require and receive such explanations as are necessary concerning any matter under examination.
 - require any employee of the Co-operative to account for cash, stores or any other Co-operative property under his/her control.
 - access records belonging to third parties, such as contractors when required.
- 2.3.4 Whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the Co-operative or there is any other suspected irregularity in the exercise of the activities of the Co-operative, the relevant Line Manager shall notify the Chief Executive who shall in turn inform the Co-operative's Chair and/or Vice-Chair and Convenor of the Audit Sub-Committee . He/she will take steps as necessary by way of investigation and involvement of internal audit and report the matter to the regulatory body where required, following the Co-operative's Anti-Fraud, Bribery and Corruption policy. The Co-operative also has a whistleblowing policy in place.
- 2.3.5 The Audit Sub Committee may meet with the external and internal auditors at least once a year with no staff in attendance, should they wish to exercise this option.

External Audit

- 2.3.6 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 advice received from the Audit Sub Committee.
- 2.3.7 The primary role of external audit is to report on the Co-operative's 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 the Auditing Practices Management Committee's auditing standards and these requirements set out in the Letter of Engagement provided by the auditor.

- 2.3.8 Each year the Audit Sub Committee will review the effectiveness of external audit and, provided the auditors' work is of a sufficiently high standard and reasonably priced, should recommend that the Management Committee reappoint them.
- 2.3.9 The Co-operative will hold a competitive tendering exercise for appointment of external auditors every five years, with due regard to the recommended practice for procurement, appointment and length of contract for external auditors.

Internal Audit

- 2.3.10 The Management Committee is responsible for the appointment of internal auditors. Within the revised Regulatory Framework introduced on the 1st April 2019 the requirement to have some form of internal audit process became mandatory. The Co-operative will hold a competitive tendering exercise at least every three years, with due regard to the recommended practice for procurement, appointment and length of contract for internal auditors.
- 2.3.11 The main purpose of internal audit is to provide the Management Committee, the Chief Executive and management team with assurances on the adequacy of the internal control systems. A rolling programme for reviews will be established taking account of concerns or recommendations of raised by the Management Committee, its sub Committees and Management Team. These will include review of compliance with these Financial Regulations and Financial Procedures at least once during any three-year internal audit programme.
- 2.3.12 The internal audit service remains independent in its planning and operation and has direct access to the Management Committee, Audit Sub Committee, Chief Executive and Convenor of the Audit Sub Committee. The authority of the internal auditor is set out in clause 2.8. There should be no limits placed on the scope of the internal audit reviews and any such limitations will be reported to the Audit Sub-Committee as soon as practicable. The Audit Sub Committee will review all internal audit reports, agree proposed management actions and monitor implementation of these, reporting progress and outcomes to the Management Committee.
- 2.3.13 The internal auditor will comply with the Auditing Practices Management Committee's *Guidance for Internal Auditors*.

- 2.3.14 While final responsibility rests with the Management Committee, the internal auditor, in addition to the authority set out in clause 2.8, may:
- participate in or advise on development of new systems of controls and associated policies and procedures.
 - carry out regular or specific reviews to detect fraud, misappropriation, system weaknesses, maladministration, waste or losses

Other Auditors

- 2.3.15 The Co-operative may, from time to time, be subject to audit or investigation by external bodies such as HM Revenue and Customs (HMRC) which has statutory rights of access.

2.4 Staff Responsibilities

The Chief Executive

- 2.4.1 The Chief Executive is responsible for the operational management of the Co-operative's affairs, including financial management. He/she will assist the Management Committee in determining its strategic objectives and promote the achievement of such objectives through the effective deployment of the Co-operative's resources. He/she will be advised by the Heads of operation and Governance and Assistant Finance Manager (and where it is deemed appropriate through obtaining additional external financial support) in executing their financial duties.

Assistant Finance Manager ³

- 2.4.2 Day to day financial administration is the responsibility of the Assistant Finance Manager reporting to the Head of Operations. Through the Secondment Agreement from Kingdom Housing Association, the Assistant Finance Manager, with the support of Kingdom's Finance staff is responsible to the Head of Operations and Chief Executive for:
- financial planning in support of business planning.
 - preparing annual budgets.
 - preparing management accounts and information, monitoring income and expenditure against budgets and all financial operations.
 - preparing the Co-operative's annual accounts and other financial statements and accounts which the Co-operative is required to submit to other authorities.

³ The term "Assistant Finance Manager" includes a seconded staff member and input from Kingdom's Finance Director and Finance Manager for strategic financial reporting and tasks.

- preparing returns to the Scottish Housing Regulator including the annual five-year financial projections, loan portfolio return, annual accounts and auditor's management letter in line with prescribed timescales
- preparing financial appraisals for major investment decisions.
- ensuring that the Co-operative maintains satisfactory financial systems and providing support for the Co-operative's management and administration staff to maintain satisfactory systems and financial records.
- providing professional advice to the Management Committee on all matters relating to financial policies and procedures including treasury management.
- Ensuring that the Co-operative is compliant with the Regulatory Standards of Governance and Financial Management.
- Ensuring that the Co-operative is compliant with any loan covenants and conditions contained within the loan agreements

2.4.3 Members of the **Management Team** are responsible for establishing and maintaining clear lines of responsibility within their service area for all financial matters.

2.4.4 Where resources are devolved to budget holders, the budget holder is accountable to the Chief Executive and/or line manager for his/her own budget.

2.5 Financial planning & budgeting

2.5.1 **Business Planning:** The Chief Executive, with assistance from the Management Team, is responsible for working with the Management Committee to prepare and develop strategic business plans for the Co-operative. The Assistant Finance Manager., with assistance from Kingdom Group's Management Team and external advisors where required, is responsible for preparing long term financial forecasts for at least the period required by the regulatory body and funders. Financial plans support and should be consistent with the strategic plan approved by the Management Committee, and which in turn shall comply with advisory guidance on business planning provided by the Scottish Housing Regulator.

2.5.2 Financial Forecasts and Budget Preparation

Supported by the Assistant Finance Manager , the Chief Executive is responsible for ensuring a budget is prepared annually for approval by the Management Committee, together with 1 year, 5-year and 30-year financial projections in prescribed formats, compatible with returns required by lenders and the Scottish Housing Regulator. In relation to each, these must include the following

information:

- Key financial assumptions and the source of these e.g. on rent levels, rent increases, services charges, interest rates, maintenance costs and investment plans;
- Statement of Comprehensive Income for the periods;
- Cash flow forecasts for the periods;
- Projected year-end balance sheets;
- Loan covenant compliance schedules;
- Appropriate sensitivity analyses and scenario planning;
- Narrative report providing an overview of the projected outturns, identification of the main sensitivities and risk management responses.

2.5.3 During the year, the Assistant Finance Manager is responsible for submitting revised budgets and/or projected outturn results to the Management Committee for approval.

2.5.4 Capital programmes

Capital expenditure on land, buildings, furniture, equipment and associated areas can only be considered as part of the budget approved by the Management Committee.

2.5.5 The Assistant Finance Manager is responsible for providing regular statements concerning all capital expenditure to the Management Committee for monitoring purposes.

2.5.6 Proposed capital projects should be supported by:

- a statement which demonstrates the project's consistency with the strategic business plan, annual budget and financial forecasts
- an initial budget for the project. The budget should include a breakdown of costs including professional fees, VAT and funding sources
- a financial evaluation together with impact on revenue expenditure plus advice on the impact of alternative plans
- a report on the risk assessment carried out
- an investment appraisal in an approved format which complies with regulatory guidance on option and investment appraisal

- if applicable, a demonstration of compliance with procurement and tendering procedures and regulatory body regulations
- a cashflow forecast.

2.5.7 Budgetary control

Once approved, the annual budget shall be regarded as the basis for authority to incur expenditure, subject to current Standing Orders, the Scheme of Financial Delegation and any specific exemptions agreed with the Management Committee. The Management Committee recognises that circumstances may change. Any required changes to budgetary expenditure must be approved by the Management Committee.

2.5.8 It is the responsibility of all budgets holders to control delegated budgets. The Assistant Finance Manager will provide monthly expenditure reports to the Management Team and report on actual income and expenditure against budget on a quarterly basis to both the Management Team and the Audit Sub Committee.

2.5.9 The Assistant Finance Manager will explain any material variances (defined as variances exceeding +/- 10% or £1,000) within the narrative supporting the quarterly management accounts, seeking information from budget holders where necessary. The Assistant Finance Manager shall also highlight and direct the sub-committee's attention to any other variances where appropriate.

2.5.10 The quarterly management accounts should provide a projected outturn of the financial position to the year end. The quarterly accounts should also include cash flow monitoring and covenant compliance statements. will form a part of the management accounts. Quarterly management accounts will be sent to the Co-operative's lenders.

2.5.11 Reports to the Management Committee shall include as a matter of course information on the financial implications of any course of action, the detailed financial impact and the advice of the Assistant Finance Manager where a proposal has material financial or budget implications.

2.5.12 Virement

The Chief Executive has authority to reallocate budgets between cost headings subject to a maximum level of £10,000. The Assistant Finance Manager should also be advised.

2.5.13 The Chief Executive is responsible for advising the Management Committee of virement of resources and for seeking approval for virement where more significant reallocation is proposed.

2.6 Accounting Policies

2.6.1 Basis of Accounting: The Financial Statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

2.6.2 Format of the Accounts: The accounts are prepared for the financial year ending 31 March, in the format required by the Statement of Recommended Practice (SORP) on Accounting for Registered Social Landlords published by the National Housing Federation.

2.7 Accounting Returns

2.7.1 The Head of Governance assisted by the Assistant Finance Manager is responsible for despatching financial returns and other periodic financial reports to the Scottish Housing Regulator and other agencies as required. It is the responsibility of the Chief Executive to ensure that all grants awarded are received. Details of all grant claims and the associated accounting requirements of the grant provider must be forwarded to the Assistant Finance Manager as soon as they are available.

2.8 Accounting Records

2.8.1 The Chief Executive and Head of Operations are responsible for the retention of financial documents. These will be kept in a form acceptable to the relevant authorities.

2.8.2 The Co-operative is required by law to retain prime documents. These include:

- accounts raised (six years)
- copies of receipts (six years)
- payroll records (six years)
- VAT records (six years).

2.8.3 For auditing and other purposes, the Co-operative will retain other financial documents for six years.

3 INCOME AND BANKING

3.1 General

3.1.1 The Head of Operations assisted by the Assistant Finance Manager is responsible for ensuring that appropriate procedures are in operation to enable the Co-

operative to receive all the income to which it is entitled. All receipt forms, invoices, purchase orders or other official documents in use must have the approval of the Assistant Finance Manager on behalf of the Head of Operations.

3.1.2 Levels of charges for letting (rents and service charges) and other charges are determined by policy and procedures approved by the Management Committee.

3.1.3 The Head of Operations assisted by Assistant Finance Manager is responsible for the prompt submission of claims, collection, security and banking of all income received or due by the due date, and for ensuring this is appropriately recorded in the Co-operative's accounts.

3.2 Appointment of Bankers

3.2.1 The Management Committee is responsible for the appointment of the Co-operative's bankers. The appointment shall be for a specified period after which consideration shall be given to competitively tendering the service.

3.3 Banking Arrangements

3.3.1 The Head of Operations assisted by the Assistant Finance Manager is responsible for liaison with the Co-operative's bankers in relation to the Co-operative's bank accounts and the issue of BACS payments and cheques. All cheques shall be ordered on the authority of the Head of Operations or Chief Executive who shall make proper arrangements for their safe custody.

3.3.2 All bank mandates must be approved by the Management Committee. The procedures for opening and closing bank accounts will be agreed with the relevant bank and instructions may only be given by an authorised bank signatory, as laid down in the Co-operative's Standing Orders. All bank accounts shall be in the name of the Co-operative.

3.3.3 All cheques drawn on behalf of the Co-operative must be signed in the form approved by the Management Committee and as specified in the relevant bank mandate. Details of authorised persons and limits for all types of payment including BACS and CHAPS are provided for at Appendix 2 and in the Co-operative's detailed financial procedures.

3.3.4 The Head of Operations, assisted by the Assistant Finance Manager 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.

3.4 Cash Receipts

- 3.4.1 All monies received from whatever source must be recorded daily together with the form in which they were received. An authorised receipt will be issued. Cash receipts of £1,000 or more should be recorded and processed in compliance with the Anti- Money Laundering Policy.
- 3.4.2 Money must be passed to the Assistant Finance Manager or Finance Assistant for banking and custody of all cash holdings must comply with the requirements of the Co-operative's insurers.
- 3.4.3 No deductions may be made from any cash collected on behalf of the Co-operative prior to the monies received being banked.
- 3.4.4 Personal or other cheques must not be cashed out of money received on behalf of the Co-operative.

3.5 Rents and Other Property Charges

- 3.5.1 The procedures for collecting rents must be approved by the Head of Operations, assisted by the Assistant Finance Manager and Housing Manager who should ensure that:
- swift and effective action is taken to collect overdue rents in accordance with the Co-operative's formal procedures (detailed in the rent arrears procedures)
 - rent arrears are monitored and reports prepared for officers to action.

3.6 The collection of other debts

- 3.6.1 The Head of Operations assisted by the Assistant Finance Manager should ensure that:
- debtors' invoices are raised promptly in respect of income due to the Co-operative
 - swift and effective action is taken to collect overdue debts in accordance with the Co-operative's formal procedures (detailed in the applicable debt recovery procedures)
 - outstanding debts are monitored, and reports are prepared for service managers.

3.6.2 The Assistant Finance Manager, in conjunction with the Heads of Operations, is responsible for implementing credit arrangements and indicating a period in which different types of invoice must be paid.

3.7 Write off arrears and debts

3.7.1 Requests to write-off debts more than £100 must be approved by the Management Committee. Debts below this level may be written off on the authority of the Head of Operations and in compliance with the Write Off of bad debt policy when deemed uneconomical to pursue. These will be reported in total to the Management Committee and would only be written off when all other avenues for collection had been exhausted.

3.8 Gifts, Hospitality and Donations

3.8.1 The Head of Governance, on behalf of the Secretary, is responsible for maintaining records in respect of gifts, hospitality and donations made to or declined by the Co-operative in accordance with the Co-operative's Entitlements, Payments & Benefits Policy and Gifts & Hospitality policies. The Head of Operations assisted by the Assistant Finance Manager is responsible for initiating claims for recovery of tax where appropriate.

4 EXPENDITURE

4.1 General

4.1.1 The Head of Operations, assisted by the Assistant Finance Manager, is responsible for making payment to suppliers of goods and services to the Co-operative.

4.2 Authorities

4.2.1 Purchasing authority may be delegated to named individuals or budget holders. The current scheme of delegation is appended at Appendix 2 and will be reviewed annually in conjunction with the budget setting process.

4.2.3 The Head of Operations, assisted by the Assistant Finance Manager, shall maintain a register of authorised signatories relating to purchasing authority and authority to certify invoices for payment including limits. The Head of Operations, assisted by the Assistant Finance Manager, shall ensure that these levels are reflected in the relevant invoice approval control systems.

4.2.4 The authorised member of staff certifying the invoice for payment must be different from the member of staff responsible for signing the purchase order.

4.2.5 Expenditure must be approved and authorised prior to payment.

4.3 Petty Cash

4.3.1 A petty cash float not exceeding £300 shall be held for making small payments and properly authorised expenses. The Assistant Finance Manager, assisted by the Finance Assistant, has day to day responsibility for petty cash payments.

4.3.2 At the end of the financial year a certificate of the balances held should be completed, in paper or electronic form, by the member of staff responsible for the float and countersigned by the Head of Operations

4.4 Purchase orders

4.4.1 The ordering of goods and services shall be in accordance with the Co-operative's detailed financial procedures and procurement procedures.

4.4.2 Official orders must be used for the purchase of all goods or services, except those made using petty cash.

4.4.3 It is the responsibility of the Head of Operations, assisted by the Assistant Finance Manager, to ensure that all purchase orders refer to the Co-operative's conditions of contract.

4.5 Tendering

4.5.1 Subject to any special rules imposed by the regulatory bodies, the Co-operative's tendering and acceptance limits are detailed at Appendix 3, supported by the Co-operative's Procurement Policy and financial procedures.

4.6 Contracts

4.6.1 Contracts for building improvement, repair and maintenance are the responsibility of the Chief Executive, delegated to the Head of Operations and will comply with the detailed contracting procedures and procurement procedures set out in the Co-operative's procedures and in compliance with its procurement policy.

4.6.2 Proposals for planned replacements, improvements or related activities will normally be initiated by the Chief Executive, Head of Operations or Asset Management Advisor.

- 4.6.3 Consultants may be appointed to projects, as determined by the Management Committee or under delegated authority. Appointments shall be subject to tendering and other procedures where appropriate. The appropriate budget holder, prior to the acceptance of the winning tender, should sign a tender report in the form prescribed in the detailed financial procedures.
- 4.6.4 Following completion of a capital project, a final report should be submitted to the Management Committee recording actual expenditure against budget and reconciling funding arrangements. Documentary evidence concerning the decision-making process should be retained in relation to each contract above a threshold as determined by the financial procedures, for audit purposes.

4.7 Payment of Invoices

- 4.7.1 The procedures for making all payments shall be in a form specified by the Head of Operations, assisted by the Assistant Finance Manager
- 4.7.2 The Head of Operations, assisted by the Assistant Finance Manager, is responsible for deciding the most appropriate method of payment for categories of invoice. Wherever possible, payments to suppliers will normally be made by BACS. In exceptional circumstances the Head of Operations or Housing Manager will authorise preparation of cheques e.g. tenant rent refunds.
- 4.7.3 Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Co-operative's Finance Section.
- 4.7.4 Service Managers are responsible for ensuring that expenditure within their service area does not exceed the budget and funds available.
- 4.7.5 Payments will only be made by the Finance staff against invoices which have been certified for payment by the appropriate staff member. Certification of an invoice should involve at least two staff members 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, fixed asset register or service area inventory;
- VAT issues have been complied with where they apply;
- an appropriate cost centre is quoted. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the types of goods or service described on the invoice.

4.8 Credit Cards

4.8.1 The Management Committee will set out terms and operational parameters for the issue and use of corporate credit cards. This will include which members of staff will be permitted credit cards and the setting of an approved credit limit. The use of credit cards will be consistent with the expenditure regulations set out in these regulations.

4.8.2 The Credit Card Policy is provided at Appendix 6.

5 SALARIES, PENSIONS AND ALLOWANCES

5.1 Salaries and wages

5.1.1 The Chief Executive is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All documentation will be in a form prescribed in the financial procedures or as approved by the Chief Executive. Any overtime for which payment will be made must be approved by the Chief Executive.

5.1.2 Recruitment to permanent or additional staff posts must be approved by the Management Committee. All Co-operative staff will be appointed to EVH salary scales. In circumstances where a departure from the approved salary scales or approved employment terms and condition is required to appoint to a vacancy, the Management Committee must approve any variation.

5.1.3 The Head of Operations will ensure maintenance of records regarding:

- appointments, resignations, dismissals, changes in contractual hours or other changes impacting on terms and conditions
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration including normal increments and pay awards
- information necessary to maintain records of service for superannuation, income tax, national insurance, etc.

- 5.1.4 The Chief Executive is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.
- 5.1.5 The Head of Operations, delegated to the Payroll Service Provider, shall be responsible for keeping all records relating to payroll including those of a statutory nature.
- 5.1.6 All payments must be made in accordance with payroll financial procedures approved by the Head of Operations and Chief Executive and comply with HMRC regulations.

5.2 Pensions

- 5.2.1 The Management Committee is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.
- 5.2.2 The Payroll Service Provider is responsible for day to day pension matters including:
- paying of contributions to the authorised pension scheme, SHAPs
 - preparing any required annual returns to SHAPS
- 5.2.3 The Head of Operations, assisted by the Assistant Finance Manager is responsible for ensuring appropriate expert advice is available to the Management Committee on pension related matters including pensions policy including employer contribution levels, and pension fund valuations.

5.3 Travel, Subsistence and Other Allowances

- 5.3.1 All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the Head of Operations and Assistant Finance Manager.
- 5.3.2 Claims by members of staff must be certified by their Line Manager. The certification 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 Co-operative. Where a claim for expenses is being made by the Chief Executive this should be approved by an office bearer of the Co-operative, in most instances the Chairperson.

6 Assets

6.1 Land, Buildings, Fixed Plant and Machinery

- 6.1.1 The purchase, lease or rent of land or buildings or fixed plant can only be undertaken as part of an approved development or acquisition programme, through an existing approved capital budget or specifically authorised by the Management Committee.
- 6.1.2 The Head of Operations is responsible for maintaining the Co-operative's asset register of land, buildings, fixed plant and machinery.

6.2 Inventories

- 6.2.1 In addition to the asset register, the Head of Operations, delegated to the Assistant Finance Manager is responsible for maintaining inventories for all plant and equipment, furniture and stores with a value in excess of £1,000, included donated items.
- 6.2.2 Inventories must be checked at least annually and retained in the form prescribed by the Head of Operations as described in the Co-operative's detailed financial procedures.

6.3 Asset Disposal

- 6.3.1 Disposal of equipment and furniture must be in accordance with procedures contained in the Co-operative's detailed financial procedures and as agreed by the Management Committee.
- 6.3.2 Disposal of land and buildings must only take place with the authorisation of the Management Committee. Regulatory body notification and lender consent may also be required depending on the nature of the disposal.

6.4 Treasury Management (Investments and Borrowings)

- 6.4.1 The Management Committee is responsible for approving a treasury management policy setting out the Co-operative's strategy and policies for cash management, long term investments and borrowings. The Management Committee has a responsibility to ensure implementation, monitoring and review of such policies.
- 6.4.2 The Chief Executive, Head of Operations and Finance staff are required to act in accordance with the Co-operative's treasury management policy. Executive decisions concerning borrowing, investment or financing (within policy parameters)

shall be delegated to the Chief Executive and Head of Operations, assisted by Finance and specialist advisors. An annual report will be provided to the Management Committee commenting on the effectiveness of the policy and strategy with any recommendations for change. All borrowing and investments shall be in the name of the Co-operative and shall conform to any relevant regulatory requirements and Codes of Practice e.g. CIPFA Treasury Management in Public Services 2011.

- 6.10 The Chief Executive and Head of Operations, supported by the Assistant Finance Manager and Kingdom's Management Team will report to the Management Committee, through the Audit, Risk and Finance Sub-Committee, regularly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him/her including monitoring compliance.

7 OTHER MATTERS

7.1 Risk Management

- 7.1.1 The Management Committee is responsible for developing a risk management strategy, in line with the requirements of the regulatory body, to identify the risks facing the Co-operative and types of protection required to cover these risks. The Chief Executive and Head of Governance are responsible for identifying and reporting risks and important potential liabilities to the Management Committee and for identifying risk mitigation strategies and actions, assisted by the Management Team, sufficient to mitigate potential risks. This will be considered and approved by the Management Committee on an annual basis.
- 7.1.2 Prior to approving any new project or initiative with financial implications, the Management Committee shall receive a report presenting an options appraisal and business case, including financial risk assessment in the context of the Co-operative's long-term financial projections.

7.2 Insurance

- 7.2.1 The Chief Executive and Head of Operations are responsible for ensuring the Co-operative has effective insurance cover for its risks as determined by the Management Committee. Where insurance premiums alone or combined exceed the thresholds for public procurement, the Co-operative shall tender for an insurance broker to manage the procurement. The Head of Operations and Assistant Finance Manager are responsible for such tenders, negotiating claims and maintaining the necessary records. They will also deal with the Co-operative's insurers and advisers about specific insurance problems.

- 7.2.2 The Chief Executive and Management Team must ensure that any agreements negotiated with external bodies cover any legal liabilities to which the Co-operative may be exposed. They must give prompt notification to the Head of Operations and Assistant Finance Manager of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.
- 7.2.3 Staff must advise the Chief Executive and/or Head of Operations and Assistant Finance Manager immediately, of any event which may give rise to an insurance claim. The Head of Operations will ensure the Co-operative's insurers are notified and, if appropriate, support the preparation of a claim in conjunction with the relevant Management Team member for transmission to the insurers.
- 7.2.4 The Head of Operations will keep a register of all insurances effected by the Co-operative and the property and risks covered. An annual review will be carried out and report will be made to the Management Committee confirming that all required insurances are in place and reporting on insurance claims in the preceding 12 months.
- 7.2.5 The Head of Operations is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 7.2.6 All staff using their own vehicles on behalf of the Co-operative shall maintain appropriate insurance cover for business use.

7.3 Taxation

- 7.3.1 The Head of Operations, assisted by the Assistant Finance Manager, is responsible for advising the Chief Executive on all taxation issues in the light of guidance issued by the appropriate bodies and the relevant legislation as it applies to the Co-operative. The Head of operations, delegated to the Assistant Finance Manager, will issue instructions to relevant Co-operative staff on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, and corporation tax.
- 7.3.2 The Head of Operations, assisted by the Assistant Finance Manager, is responsible for maintaining the Co-operative's tax records, making all tax payments, receiving tax credits, and submitting tax returns by their due date as appropriate. With the assistance of the Assistant Finance Manager, supported by Kingdom's finance staff and specialist advisors where appropriate, s/he is also responsible for developing an effective taxation strategy to minimise the tax burden to the Co-operative.

7.4 Security

7.4.1 Security of Documents: The Head of Governance, on behalf of the Secretary of the Co-operative, is responsible for the safekeeping of official and legal documents relating to the Co-operative. Signed copies of deeds, leases, loan agreements and contracts must be forwarded to the Head of Governance, who may forward these to the Co-operative's solicitors for storage of the principal documents.

7.4.2 Stocks and Stores: Service Managers or Officers are responsible for establishing adequate arrangements for the custody and control of stocks and stores within their sections. The Assistant Finance Manager must approve the systems used for stores accounting.

7.4.3 The Chief Executive, assisted by the Head of Operations and line managers, is responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc under his or her control. He/she shall consult the appropriate authority in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

7.4.4 The loss of safe or office keys must be reported to the Chief Executive and Head of Operations immediately.

7.4.5 All staff are responsible for maintaining proper security and privacy of information in compliance with the General Data Protection Regulations. Access to areas where data is stored will be restricted to authorised persons. Information relating to individuals held on computer will be subject to the provisions of the General Data Protection Regulations.

7.5 Codes of Conduct for Staff and Governing Body Members

7.5.1 The Co-operative expects that all staff and all Management Committee members will observe the codes of conduct for staff and governing body members, as required by the regulatory body in relation to financial and in all other respects.

7.5.2 Additionally, members of the Management Committee and all staff are required to disclose interests in the Co-operative's Register of Interests of members of the Management Committee.

7.6 Hospitality

7.6.1 The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Co-operative's policy on Entitlement, Payments and

Benefits, the Management Committee and Staff Expenses Policies and the Gifts and Hospitality Policy.

- 7.6.2 Members of the Management Committee and members of staff should refuse all material hospitality and gifts offered by an individual or company that does or could provide services to the Co-operative where they are offered as an inducement to secure favour. Any hospitality or gifts that are accepted must be recorded in the appropriate Register as set out in the Co-operative's policy on Entitlement, Payments and Benefits.

7.7 Benchmarking and Performance Standards

- 7.7.1 The Co-operative shall use the regulatory body's performance standards as its benchmark.
- 7.7.2 The Chief Executive, assisted by the Head of Governance and Head of Operations will ensure that the Management Committee receives quarterly and annual information on the following:
- i. Financial targets within the business plan and results
 - ii. Comparison of results with SHR published ratios and statistics
 - iii. Comparison of results with the annual budget
 - iv. Comparison of actual versus estimated loan covenant results

APPENDIX 1 Terms of reference: Audit, Risk & Finance Sub- Committee

<p>Name of Committee:</p>	<p>Audit, Risk & Finance Sub Committee</p> <p>The role of this Sub Committee is to advise the Management Committee on risk management policies and processes, including the Co-operative’s systems of internal control and on the appointment and remuneration of the external auditor.</p> <p>In addition, the Sub Committee takes non-executive responsibility for the direction of both internal and external audits.</p>
<p>Matters reserved for the Management Committee which the Sub Committee advises on:</p>	<p>The Audit, Risk & Finance Sub Committee will have an Annual Work Programme setting out the key areas of the Co-operative’s activities that it intends to review during the year. These will primarily relate to the control environment, external audit, internal audit and risk. Duties are specified below.</p> <p>Audit</p> <ul style="list-style-type: none"> • Oversee the process for selecting the external auditor and make appropriate recommendations through the Management Committee to the members/shareholders to consider at the AGM. • Oversee the process for selecting the internal audit service provider and recommend them to the Management Committee for appointment. • Recommend the external and internal audit fees for Management Committee approval. • Review the Co-operative’s statement on internal control systems prior to endorsement by the Management Committee and review the policies and process for identifying and assessing business risks and the management of those risks by the Co-operative. • Ensure effective co-ordination between internal and external audit. <p>Risk</p> <ul style="list-style-type: none"> • Actively identify and manage strategic risks and ensure risk consideration and management are embedded in the organisation. <p>Finance</p> <ul style="list-style-type: none"> • Review, and where necessary challenge, the actions and judgements of officers, in relation to the interim and annual financial statements before recommendation of approval by the Management Committee, paying attention to: <ul style="list-style-type: none"> ➤ critical accounting policies and practices, and any changes in them; ➤ decisions requiring a major element of judgement; ➤ the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed; ➤ the clarity of disclosures;

	<ul style="list-style-type: none"> ➤ significant adjustments resulting from the audit; ➤ the going concern assumption; ➤ compliance with accounting standards; ➤ compliance with regulatory and other legal requirements <ul style="list-style-type: none"> • Review quarterly management accounts bringing to the attention of Management Committee any major areas of concern. • Review draft annual budget assumptions and budget proposals, including rent increase options and make recommendations to the Management Committee. • Review five year and 30-year financial projections and make recommendations to the Management Committee. • Review Treasury Management Policy and make recommendations to Management Committee. <p>Review</p> <ul style="list-style-type: none"> • Review regularly its own terms of reference and effectiveness and recommend any necessary changes to the Management Committee.
<p>Matters specifically delegated to the Sub Committee by the Management Committee:</p>	<p>Audit</p> <ul style="list-style-type: none"> • Review the reports of management and Internal Audit on the effectiveness of systems for internal control, financial reporting and risk management, including the fraud and loss report. • Review and keep track of progress from internal and external audits and independent recommendations in the Recommendations Monitor. Make progress reports to the Management Committee. • Assess the independence of the external auditor, ensuring that key partners are rotated at appropriate intervals. • Approve any fees in respect of non-audit services provided by the external auditor. • Discuss with the external auditor, before the audit commences, the nature and scope of the audit, reviewing the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements. • Assess the effectiveness of the external auditor, including consideration of qualifications, expertise and resources. • Review, with the external auditors, the findings of their work. • Review the external auditor's management letter and management's response. • Consider management's response to any major external or Internal Audit recommendations. • Approve the Internal Audit strategy and programme for the Co-operative and ensuring that the scale of the Internal Audit service is appropriate. • Assess the effectiveness of the Internal Audit service.

	<ul style="list-style-type: none"> • Meet external and internal auditors at least once a year without management staff present to discuss any issues arising from the audits. In addition, the Internal Auditors shall give direct access to the Chair and the Sub Committee Convenor. <p>Risk</p> <ul style="list-style-type: none"> • Provide assurance that there is a systematic risk assessment process and that the risk management framework is effectively embedded in the organisation. • Conduct regular reviews of the risk register and adequacy of mitigating actions and report to Management Committee. • Review the Co-operative’s procedures for handling allegations from whistle-blowers, suspected incidents of corruption, fraud and bribery. • Consider the Register of Fraud, Corruption, Bribery and Whistleblowing and the adequacy of actions, annually reporting to the Management Committee. • Consider other matters on strategic risk and internal control, as requested by the Management Committee. • Ensure appropriate disaster recovery and contingency plans are in place and regularly tested. • Review the adequacy of the insurance covers held by the Co-operative. <p>Finance</p> <ul style="list-style-type: none"> • Keep under review the latest guidance and codes from the SHR and the Auditing Practices Board and ensure the applicable recommendations are implemented. • Review covenant compliance and ensure systems are in place to prevent breach. • Review implementation of and compliance with the Treasury Management Policy.
How often meetings are held:	The Audit, Risk & Finance Sub Committee will normally meet a minimum of 4 times a year. Emergency meetings may be called by the Chair of the Audit, Risk & Finance Sub Committee who will work with the Chief Executive/Secretary to set a convenient day within two weeks.
Convenor of the Sub Committee (and who, if anyone, may not chair it):	The Convenor of the Audit, Risk & Finance Sub Committee must be a member of the Management Committee of the Co-operative, other than the Chair of the Co-operative or a co-optees. The Convenor should not also be Convenor of the Staffing Sub-Committee. It is desirable that the Convenor of the Audit, Risk & Finance Sub Committee has a high level of financial expertise. Where this is not possible a Vice Chair, who may be a co-optee, may be appointed with the specific remit to support the Convenor.
Composition of the Sub Committee (and	The membership of the Audit, Risk & Finance Sub Committee is drawn from the Management Committee. The selection of the Audit,

any restrictions on membership of it)	Risk & Finance Sub Committee members is based entirely upon skills and competencies. At least one member of the Audit, Risk & Finance Sub Committee should have recent and relevant financial experience, and if possible, a professional qualification from one of the professional accountancy bodies. Such members may be a co-optee. Some commercial or finance experience would be a desirable requirement for the other members.
Number of members:	At least three and up to seven members, who should all be non-executive members. Additional members may be appointed to the Audit, Risk & Finance Sub Committee to address specific issues. No fewer than three members should be elected members of the Management Committee.
How the Sub Committee is appointed:	By the Management Committee. Members are appointed for terms of three years.
Quorum:	A quorum will be two members of the Sub Committee. Co-optees will not count towards the quorum.
Additional points:	<ul style="list-style-type: none"> • The minutes of the Audit, Risk & Finance Sub Committee will be reported to the next Management Committee meeting and can be in draft form at that stage. • The Convenor of the Audit, Risk & Finance Sub Committee may access legal advice from the Co-operative's appointed legal advisers at the expense of the Co-operative. • Both internal and external auditors have direct access to the Convenor of the Audit, Risk & Finance Sub-Committee where necessary. • The Convenor of the Co-operative may be a member of the Audit, Risk & Finance Sub- Committee but cannot be Convenor of the Sub Committee. • In circumstances where a vote is required and the votes are equal, the Convenor of the Audit & Risk Sub Committee has a casting vote. • The Chief Executive and other senior officers/advisers as required will normally attend Audit, Risk & Finance Sub Committee meetings. • The Management Committee may meet the external auditors without paid staff being present should the Convenor of the Audit, Risk & Finance Committee consider it necessary and will meet with the External and Internal Auditors annually without paid staff being present. • Governance support will be provided by the Co-operative's designated officer with responsibility for such matters.
Date Approved:	26 February 2019
Date for Review:	February 2022 or earlier if required by the Management Committee

Appendix 2: Scheme of financial delegation - Limits of Delegated Purchasing Authority & Authority to Pay¹

A detailed register of specific budget headings, and the relevant authorised staff and budget holders for each, will be maintained in the Financial Procedures and reviewed at least annually.

1 AUTHORITY TO PURCHASE/ORDER

1.1 The following tables set out which posts are authorised to purchase and the limit of delegated purchasing authority. All costs include VAT and expenses.

1.2 Capital expenditure (per approved budget, other than properties)

Management Committee	Over £20,000
Chief Executive	Up to £20,000
Head of Governance	Up to £15,000
Head of Operations	Up to £15,000
Housing Manager	Up to £5,000
Corporate Administrator	Up to £1,000

1.3 Capital Expenditure (Properties, per approved budget)

Major and Cyclical Repairs	
Management Committee	Over £25,000
Chief Executive	Up to £25,000
Head of Operations	Up to £15,000
Head of Governance	Up to £15,000
Housing Manager	£5,000
Maintenance Officer	Up to £2,000
Emergency Repairs Health and Safety Repairs	
Management Committee	Over £30,000
Chief Executive and Office Bearer (notifying committee at next Management Committee Meeting)	Up to £30,000
Chief Executive	Up to £25,000
Heads of Operations	Up to £15,000
Head of Governance	Up to £15,000
Housing Manager and Maintenance Officer	Up to £5,000
Corporate Administrator	Up to £1,000
Customer Service Advisors	Up to £1,000
Major Repairs out with Cyclical and Capital programmes	
Management Committee	Over £25,000
Chief Executive	Up to £25,000
Head of Operations	Up to £15,000

Head of Governance	Up to £15,000
Housing Manager	Up to £5,000
Maintenance Officer	Up to £2,000
Consultants fees, Works costs	
Management Committee	Over £15,000
Chief Executive	Up to £15,000
Head of Operations	Up to £10,000
Head of Governance	Up to £10,000
Housing Manager and Maintenance Officer	Up to £5,000

1.4 Revenue Costs: budgeted

Property Management	Up to annual budget, individual items
Management Committee	Over £20,000
Chief Executive	Up to £20,000
Head of Operations	£15,000
Head of Governance	£15,000
Housing Manager	Up to £5,000
Maintenance Officer	Up to £2,000
Housing Officer	Up to £1,500
Customer Services Advisors	Up to £750
Corporate Administrator	Up to £750
Housing Management & Estate Management	Up to annual budget, individual items/costs
	(incl legal fees)
Management Committee	Over £10,000
Chief Executive	Up to £10,000
Head of Operations	Up to £5,000
Head of Governance	Up to £5,000
Housing Manager	Up to £5,000
Maintenance Officer	Up to £2,000
Customer Services Advisor	Up to £750
Corporate Administrator	Up to £750
Office expenditure (excluding maintenance)	
Management Committee	Over £10,000
Chief Executive	Up to £10,000
Head of Operations	Up to £5,000
Head of Governance	Up to £5,000
Housing Manager	Up to £3,000
Assistant Finance Manager	Up to £3,000
Corporate Administrator	Up to £1,500

1.5 Petty Cash, Credit Card & Routine Annual Expenses

Petty cash	
All staff	Max individual item £50 All items above £50 must be paid for by Bacs/cheque/ company credit card.
Credit card Chief Executive	Max individual items: £750 Total credit limit: up to £2,000 per card
Credit Card Head of Operations	Max individual items: £750 Total credit limit: up to £2,000 per card
Credit Card Head of Governance	Max individual items: £750 Total credit limit: up to £2,000 per card
Council tax, rates, Insurances and any other routine annual expense	
Management Committee	Over £10,000
Chief Executive	Up to £10,000
Head of Operations	Up to £10,000
Head of Governance	Up to £10,000

2.0 Authority to pay/ Signing Cheques / BACS Payments

2.1 All cheques/ bacs payments requests require two signatures. Minimum requirements for are:

Amount	Signatory mix any of two
Up to £5,000	<ul style="list-style-type: none"> • Chief Executive • Head of Governance • Head of Operations • Housing Manager • Assistant Finance Manager
£5,000 to £15,000	<ul style="list-style-type: none"> • Chief Executive • Head of Governance • Head of Operations • Housing Manager
£15,000 to £25,000	<ul style="list-style-type: none"> • Chief Executive • Head of Governance • Head of Operations
£25,000 upwards	Chief Executive or Heads of Operations and Governance and Office Bearer

2.2 Salaries and staff costs; Staff & Committee expenses

Salaries – permanent & temporary staff	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Head of Operations • Head of Governance <p>Up to approved annual budget, and approved staff FTE establishment</p>
Consultancy/agency fees	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Head of Operations • Head of Governance <p>Up to approved annual budget</p>
New or additional staff costs	<ul style="list-style-type: none"> • Management Committee
Overtime costs	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Head of Operations • Head of Governance <p>Within approved annual salaries budget</p>
Committee expenses	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Head of Operations • Head of Governance <p>in line with policy approved allowance levels, supported by claim form & receipts where required.</p>
Staff expenses	<p>Can be authorised by any one of the below:</p> <ul style="list-style-type: none"> • Chief Executive • Heads of Operations • Head of Governance <p>In line with policy and/or terms and conditions of service, supported by claim form & receipts where required.</p>
Redundancy payments	<ul style="list-style-type: none"> • Management Committee
Settlements or severance pay	<ul style="list-style-type: none"> • Management Committee

3. Grant Claims

Grant claims, including Stage 3 HAG claims	<ul style="list-style-type: none"> • Chief Executive • Head of Governance • Head of Operations • Housing Manager • Maintenance Officer
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APPENDIX 3: PROCUREMENT REQUIREMENTS SUMMARY

- 1. For uncontracted work below £5,000:** single quotes for current supplier list (circulated with Codes of Conduct); if new service area, up to three quotes where practicable, with new supplier approved by the Chief Executive, Head of Operations or Head of Governance.

- 2. Work between £5,000 – 15,000**

Any of the routes below, or 3 contractors selected to quote; list to be approved by the Head of Operations or Head of Governance on the recommendation of Strategic Asset Management Advisors or Chief Executive where list is proposed by Head of Operations or Governance. Appointment to be approved similarly.

NOTE: Exceptions can be made in categories 1 and 2 for specialist work where there is a limited or no choice of suitable contractors, or where matters are urgent, and work needs to be carried out as a matter of urgency.

- 3. Contracts between £15,000 - £25,000: any of**

- Quick Quotes from Public Contracts Scotland
- Use of Procurement for Housing Frameworks (PfH)
- Use of Scottish Procurement Alliance (SPA) Frameworks

Quotes/Tender report to be provided with recommendation for review and approval for acceptance by Chief Executive or Management committee related to limits set out in Appendix 2, subsequently reporting to the Management Committee.

- 4. Contracts over £25,000 and lower than £50,000: either of:**

- Use of Procurement for Housing Frameworks to select their top-rated contractor or to conduct a mini tender within its frameworks.
- Use of Scottish Procurement Alliance Frameworks where this offers access to a broader range of suppliers for some maintenance works.

A tender report will be prepared with a recommendation for review by the Chief Executive. The tender report, or summary of this, and information on the recommendation for successful contractor will be reported to Committee seeking approval to appoint.

- 5. Contracts exceeding £50,000: either of**

- Use of Procurement for Housing Frameworks to conduct a mini tender within its frameworks.
- Use of Scottish Procurement Alliance Frameworks where this offers access to a broader range of suppliers for some maintenance works and on basis that its support is available to carry out the tender process.

A tender report will be prepared, with a recommendation for approval by the

Management Committee.

APPENDIX 4:

REGULATORY STANDARDS OF GOVERNANCE AND FINANCIAL MANAGEMENT

Standard 3

The Registered Social Landlord (RSL) manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.

Guidance

3.1. The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes. The RSL ensures security of assets, the proper use of public and private funds, and access to enough liquidity at all times.

3.2. The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks. Where the RSL makes use of financial derivatives it applies the guidance at 3.13 of the SHR Regulatory Standards of Governance and Financial Management.

3.3. The RSL has a robust business planning and control framework and effective systems to monitor and accurately report delivery of its plans. Risks to the delivery of financial plans are identified and managed effectively. The RSL considers sufficiently the financial implications of risks to the delivery of plans.

3.4. The RSL bases its financial forecasts on appropriate and reasonable assumptions and information.

3.5. The RSL monitors, reports on, and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.

3.6. The governing body sets the employee remuneration levels at a level to be enough to ensure the appropriate quality of staff to run the organisation successfully but avoid paying more than is necessary for this purpose.

3.7. The RSL provides accurate and timely statutory and regulatory financial returns to the Scottish Housing Regulator.

APPENDIX 5: Summary of delegated authority for financial duties and responsibilities

Ref	Authority for	Delegated to
F1	Agreeing Financial Regulations	Management Committee
	Agreeing Financial Procedures	Chief Executive and Head of Operations
F2	Approving borrowing and investment strategies and principles	Management Committee
F3	Ensuring borrowings and investments comply with statutory and regulatory requirements and Rules	Chief Executive assisted by Head of Operations and Assistant Finance Manager
F3	Reviewing the Co-operatives statement on internal control systems prior to endorsement by Management Committee and reviewing business risk and the management of these risks.	Management Committee, on recommendation from Audit, Risk & Finance Sub-Committee
F4	Approval of Annual Accounts	Management Committee on recommendation from Audit, Risk & Finance Sub-Committee
F5	Approval of Budget	Management Committee
F6	Monitoring financial performance and reporting to Management Committee	Chief Executive & Head of Operations, supported by Assistant Finance Manager – reporting to Audit, Risk & Finance Sub-Committee
F7	Ensuring annual external audit carried out	Head of Governance and Chief Executive assisted by Assistant Finance Manager and Kingdom Finance Management Team.
F8	Agreeing remedial action identified in the course of the annual external audit and ensuring implementation	Audit, Risk & Finance Sub-Committee (reporting to Management Committee)
F9	Agreeing and overseeing the implementation of changes to accounting policies and practices	Audit, Risk & Finance Sub-Committee, Chief Executive, Head of Operations assisted by Assistant Finance Manager
F10	Agreeing the opening and closure of bank or building society accounts	Management Committee
	Holding of all bank and cheque books and other financial documentation	Head of Operations and Chief Executive, assisted by Assistant Finance Manager.
F11	Approve the terms of all insurances	Head of Operations and Chief Executive.
F12	Agree internal management control systems	Audit, Risk & Finance Sub-Committee

F13	Incur and instruct payment of all items of budgeted expenditure within the terms of agreed budgets and financial regulations	Chief Executive and officers specifically identified in Financial Regulations
F14	Agree action to address short term cash flow difficulties	Management Committee
F15	Approval of the setting of annual rents and service charges	Management Committee
F16	Agree to write off rent, rechargeable repairs or other tenancy related debt within the terms of financial regulations	Management Committee
F17	Agreeing process for appointment of new contractors and consultants under the terms of the procurement policy Maintenance of list of current contractors/consultants	Chief Executive and Head of Operations Head of Operations, assisted by Assistant Finance Manager
F18	Negotiating terms of loans to fund Co-operative short, medium and long term requirements and making recommendations to the Committee	Chief Executive and Head of operations, assisted by Kingdom Finance Management team and specialist advisors
F19	Approving loan terms or parameters	Management Committee
F19	Negotiating grant(s) to fund individual developments or acquisitions	Chief Executive or appointed Development Agent
21.4 Employment and employer responsibilities		
Ref	Authority for	Delegated to
E1	Approve permanent additions and deletions to the staffing establishment	Management Committee
E2	Approve significant changes to terms and conditions of employment.	Management Committee, on recommendation from Staffing Sub Committee
E3	Development and negotiation of all issues relating to remuneration of staff, working environment, training and development and dignity at work.	Management Committee, on recommendation from Staffing Sub Committee. (As FHC full EVH members, FHC will be bound by joint negotiating arrangements re key aspects of remuneration and staff terms and conditions)
E4	Approving pension policy and arrangements and any other non-contractual benefits e.g. death in service benefits Day to day pension operations and signatory	Management Committee, on recommendation from Staffing Sub-Committee Payroll Service Provider and Assistant Finance Manager

APPENDIX 6: CREDIT CARD POLICY

1. The Co-operative holds two Clydesdale Bank credit cards which shall be held in the safe in the Co-operative's office. The cards shall have a maximum spend limit of £12,000. The cards shall be held in the names of officers specifically approved by the Management Committee.
2. The credit cards are held for use in limited circumstances. Any items being purchased with the credit card should do in line with the purchasing limits described in the financial regulations and in line with accompanying financial procedures
3. The credit card limit shall be reviewed on an annual basis and adjusted if considered necessary. Changes to the credit card limit must be justified to and approved by the Management Committee.
4. The Corporate Manager and Chief Executive must authorise use of their named credit card only in line with the Scheme of Financial Delegation. Any staff member making a request to use it must explain the purpose of its use and must be able to provide back-up for the transaction. If satisfied the payment will be made by the cardholder, or in their absence the Finance Officer or Agent. A purchase order will be generated along with supporting documentation and filed in the Credit Card folder by the Finance Officer for subsequent matching with the statements. The purchase order will be signed in line with the Co-operative's Financial Regulations.
5. Purchases on the credit card will be reconciled to the statement on a monthly basis.
6. There should be no circumstances under which the credit card is used in error and for any other purpose than in relation to business for the Co-operative.
7. All items purchased by credit card should be for business purposes only. At no time should the Credit Card be used by any staff or Committee member for personal use or other purposes other than expenditure wholly and necessarily incurred on Co-operative business.
8. The balance on the statement will be cleared each month, by direct debit, to ensure no interest charges are incurred.