

Financial Regulations

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Board of Management

BIELD

Registered Office: 79 Hopetoun Street, Edinburgh EH7 4QF

Scottish Charity No SC006878

FINANCIAL REGULATIONS

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1. INTRODUCTION

- 1.1 The Rules of Bield Housing & Care (hereafter known as “the organisation”), along with the Scheme of Delegation, outline how the organisation will be controlled and run. The Scheme of Delegation is reviewed periodically and minimally every 5 years. The Financial Regulations incorporate the financial policies and cover the arrangements for supervision and control of the finances, assets, and other resources of the organisation. The Financial Regulations form part of the organisation’s Governance Manual.
- 1.2 The Board of Management is responsible for approving and amending the Financial Regulations.
- 1.3 In addition to the Financial Regulations, detailed Financial Procedures are contained in a range of other documents prepared by the organisation. These are more concerned about the detailed operational procedures and are cross referenced where appropriate to this document.
- 1.4 Nothing in the Financial Regulations shall override instructions from or conditions imposed by the Scottish Housing Regulator, the Office of the Scottish Charity Regulator (OSCR), the Accounting Standards Board or contained in statute. Nothing in the financial procedures will override the principles embodied in these Regulations.

2. POSITION OF THE BOARD OF MANAGEMENT AND STAFF

- 2.1 The Board of Management has overall control of, and is therefore responsible for, all aspects of the organisation’s work. As part of this remit, it must ensure that the organisation’s financial responsibilities and obligations are met.
- 2.2 The Board of Management retains ultimate control of Bield’s finances and must ensure that the organisation operates as economically and efficiently as possible within its overall objectives.
- 2.3 Although the Board of Management is ultimately responsible for the regulation and control of the organisation’s finances, this is exercised in part through delegated authority to the Performance & Audit Committee. Responsibility for the day to day financial management of Bield lies with the Director of Finance & ICT Services through the Chief Executive.
- 2.4 In particular, the Director of Finance & ICT Services is directly responsible to the Chief Executive for the following:
- Accounting and financial administration;
 - Budget preparation and monitoring;
 - External Audit and Internal Controls;
 - Treasury Management;
 - Insurances;
 - Corporate Procurement Policy;
 - Payment of Accounts;
 - Assets;
 - Salaries and Expenses;
 - Income;
 - ICT Security and Control

3. ACCOUNTING AND FINANCIAL ADMINISTRATION

- 3.1 The Director of Finance & ICT Services will be responsible for developing the accounting principles and procedures to be used throughout the organisation after approval by the Board of Management.

- 3.2 In allocating duties involving any financial activity, potential conflicts among staff should be avoided, i.e. those responsible for incurring expenditure should not be responsible for payment of accounts and those responsible for raising charges should not be responsible for receiving payment of those charges.
- 3.3 The organisation's records will be kept in a way that complies with all statutory requirements, as well as those of external bodies e.g. HM Customs & Revenues, Financial Conduct Authority, and the Scottish Housing Regulator.
- 3.4 The Director of Finance & ICT Services shall arrange for audited accounts to be submitted to the Performance & Audit Committee and thereafter submitted for approval by the Board of Management by the end of July each year.

4. BUDGET PREPARATION AND MONITORING

- 4.1 The Director of Finance & ICT Services, in consultation with the other members of the Senior Management Team, shall prepare an Annual Budget for the following financial year to be submitted for approval by the Board of Management no later than March each year. The organisation's year end is 31 March.
- 4.2 The Budget will be prepared in accordance with the Budget Strategy which shall be considered and approved by the Board of Management.

The Director of Finance & ICT Services will prepare a Budget timetable no later than the October meeting of the Senior Management Team and once agreed with the Senior Management Team this will define the specific areas of responsibility within the Budget for individual members of the Senior Management Team. It is up to those members of the Senior Management Team to ensure that the Budget areas for which they are responsible are completed in accordance with the timetable and the detailed information passed to the Finance & ICT Services Department. The Director of Finance & ICT Services will monitor progress against the agreed Budget timetable to ensure the timeous completion of the Budget.

The Director of Finance & ICT Services will collate the information, ensuring compliance with the Budget Strategy and will produce the draft revenue and capital Budget.

Once approved, the Budget forms the organisation's expenditure plans and income expectations for the year ahead. The Budget can then be used as the basis for authority to incur expenditure on individual headings up to the agreed levels.

- 4.3 The Director of Finance & ICT Services shall provide quarterly reports to the Board of Management on Bield's financial position giving reasons for any significant variances from Budget and giving estimated annual outturn figures from the second quarter onwards. Individual budget holders will have responsibility for monitoring their own budgets during the year and will provide explanations to the Finance & ICT Services Department for significant variances from budget. In addition, budget holders will work with staff in Finance & ICT Services to estimate projected year-end outturns from period six onwards.

5. EXTERNAL AUDIT AND INTERNAL CONTROLS

- 5.1 The organisation will appoint external auditors as required by statute and in line with the guidance issued by the Scottish Housing Regulator. Periods of appointment will be for no more than seven years after which there must be a competitive tendering process (which can include the existing auditor). The auditor's appointment is subject to an annual approval by the Annual General Meeting.
- 5.2 The Director of Finance & ICT Services will arrange for the completion of the external audit in liaison with the external auditor. The timetable will ensure that audited accounts are approved by the Board of Management before the Annual General Meeting (AGM) and that copies of the final statements are presented at the AGM.
- 5.3 Any management letters received from the external auditors highlighting areas of concern or making recommendations for improved efficiency and control will be copied to the Performance & Audit Committee after receiving the letter. In addition, the external auditors will be given the opportunity to meet the Performance & Audit Committee at least twice a year.
- 5.4 The organisation will have in place an internal audit function which will prepare an annual report commenting on the satisfactory operation or otherwise of the internal controls of the organisation. The Annual Report should be submitted to the Performance & Audit Committee and the Board of Management. The internal audit function can either be operated internally or sourced externally. If sourced externally, periods of appointment should be for no more than four years without a competitive tendering process. The Performance & Audit Committee shall ensure that the Internal Auditor carries out a rolling programme of internal reviews on the effectiveness of the internal control systems. The Company Secretary has responsibility for the internal audit function and working together with the Senior Management Team will ensure that an Internal Audit Plan is in place.
- 5.5 Any instances of suspected fraud or theft shall be dealt with in accordance with the organisation's Fraud & Theft Policy.

6. TREASURY MANAGEMENT

- 6.1 Any bank account opened in the organisation's name shall require the approval of 2 persons comprising the Chief Executive, Directors, and Grade 1 staff. All working arrangements with the organisation's bankers shall be made by the Director of Finance & ICT Services.

Local bank accounts, i.e. those dealing only with scheme transactions, shall be operated on the imprest system with a maximum imprest of £750 and should not be allowed to go into an overdraft situation. Authorised signatories on local bank accounts should be limited to the grades of Management, Senior or Cook.

- 6.2 All cheques (excluding those from a local development bank account) and electronic payments drawn on behalf of the organisation shall be signed or authorised in accordance with the Scheme of Delegation and Authorisation Levels & Approval Procedures.
- 6.3 Wherever possible, all money received by the organisation shall be deposited into the organisation's bank account on the day of receipt. Money held on any of the organisation's premises shall be held in accordance with current insurance cover and be kept in secure, safe facilities, as should all cheque books, pay-in books, and authorisation devices.
- 6.4 All cash/cheques received at any Bield Office where mail is opened should be listed in a cash received book immediately on receipt. The list should be checked by Finance staff at least on a quarterly basis with the accounting records.

- 6.5 All banking shall include a list of cheques being paid in and against each cheque should be shown a reference to the payee.
- 6.6 Petty cash floats may be held in the organisation's office and development premises. Only small payments will be made from this cash for goods or services which cannot be purchased using the organisation's standard ordering procedures. Travel expenses may be paid from petty cash where it is not possible to book tickets in advance. Reimbursement to the float level will be made on the presentation of authorised receipts.
- 6.7 The organisation shall maintain company credit cards held by all the members of the Senior Management Team and BR24 Manager. These shall be held primarily for business continuity purposes or for placing orders where traditional ordering and invoicing is not possible (eg internet purchases).
- 6.8 Where the organisation requires short - term overdraft facilities, the terms of that overdraft shall require the prior approval of the Senior Management Team and thereon be reported to the Board of Management along with details of why and for how long this facility will be necessary.
- 6.9 The Director of Finance & ICT Services is responsible for ensuring effective use is made of the organisation's cash resources, i.e. by minimising interest paid, maximising interest earned and minimising bank charges.
- 6.10 Surplus cash will be invested in higher interest instant access accounts or term deposit accounts in accordance with the Treasury Management policy approved by the Board of Management. Cash balances which are unlikely to be required for a minimum of 3 years can be passed to the organisation's investment manager but only on the approval of the Senior Management Team and thereon be reported to the Board of Management. An investment report should be received from the investment manager at least on a quarterly basis.
- 6.11 The organisation's Treasury Management Policy describes the organisation's overall treasury controls and in particular how loans and investments are managed and controlled.
- 6.12 The Board of Management will receive quarterly through the reporting of Key Performance Indicator's (KPI's) and on an annual basis a treasury management report from the Director of Finance & ICT Services which will include details of compliance with treasury policies.
- 6.13 Bank reconciliations for all the organisation's bank accounts should be undertaken on a monthly basis. These should not be done by the person(s) normally recording or banking cash/cheques. Reconciliations for the central bank accounts should be signed by the Assistant Director of Finance or Finance Manager. Local bank reconciliations should be carried out by a Finance Assistant and signed by a Finance Officer. Reconciliations should be completed within 2 weeks of the end of the month being reconciled.

7. INSURANCES

- 7.1 All insurance arrangements and levels of cover shall be reviewed annually by the Director of Finance & ICT Services in conjunction with other members of the Senior Management Team and arrangements will be made to ensure that the organisation's assets and activities are adequately insured.
- 7.2 If insurance brokers are used, the organisation shall ensure that proper market testing takes place at least every three years and that recognised insurance companies are used.

7.3 When becoming aware of a potential claim through loss, liability, damage or other cause, the member of staff involved shall submit a claim immediately through the organisation's brokers and follow the agreed procedures for claims.

8. CORPORATE PROCUREMENT

8.1 The organisation maintains a Corporate Procurement Strategy, Policy and accompanying procedures for the procurement of Goods & Services. All procurement shall be in accordance with the Corporate Procurement Policy.

9. PAYMENT OF ACCOUNTS

9.1 Suppliers' Accounts shall be set up in the accounting system by a Finance Officer and audited by a second Finance Officer, only on the authorisation of a Grade 3 member of staff (or more senior) and accompanied by suitable evidence of the bona fide nature of the supplier such as an original letterheading of the company.

9.2 Whilst the organisation will always seek to pay suppliers promptly, it is the organisation's policy to take advantage of payment terms set out in supplier contracts.

9.3 With the exception of payments from petty cash, all payments will be made by either cheque or an electronic transfer drawn on one of the organisation's bank accounts and signed or approved by the signatories authorised in the Scheme of Delegation and Authorisation Levels & Approval Procedures . On exceptional occasions, payment may be made by use of the company credit card.

9.4 Officers nominated to raise an order are responsible for examining, verifying and certifying the related invoice(s) or other payment voucher.

9.5 By authorising the invoice, the officer is confirming that:

- the work, goods or services were properly ordered within the relevant budget estimate;
- the work, goods or services to which the account relates have been received, carried out, examined and approved;
- the account has not been previously passed for payment.

9.6 Levels of authorisation of invoices are outlined in the separate schedule of Authorisation Levels and Approval Procedures. Staff involved in ordering, authorising and certifying expenditure will be made aware of their limits and any changes.

9.7 With the exception of Property Management, all invoices which are processed through the housing management system should if possible be coded by the authorising officer and passed to the Finance & ICT Services Department for processing and payment. All invoices should be original invoices. Property Management orders and invoices which are processed through the housing management system will be subject to the controls and authorisation levels incorporated in the housing management system.

10. ASSETS

- 10.1 The Company Secretary shall have the custody of all title deeds which are not held by the organisation's funders. A register of title deeds is maintained by the Company Secretary who provides confirmation on an annual basis that all title deeds are properly held.
- 10.2 The capitalisation threshold for individual assets is £1,000. Individual items costing less than £1,000 should be treated as revenue costs.
- 10.3 Depreciation will be charged on housing properties after deducting land costs and grants on a straight line basis over the useful economic life of each separately identified component. Any amendments to the agreed components and/or their life span will be approved by the Senior Management Team and reported thereon to the Board of Management.
- 10.4 Depreciation on other fixed assets is provided on a straight line basis at the following rates:
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|-----------------------------|-----|
| ▪ Office Premises | 2% |
| ▪ Fixtures & Fittings | 10% |
| ▪ Furniture & ICT Equipment | 33% |
| ▪ Motor Vehicles | 20% |
| ▪ ICT Software & Telecoms | 20% |
| ▪ Community Alarm Units | 20% |
- 10.5 The procurement policy in respect of "office assets" i.e. ICT equipment, cars, office furniture, shall be in accordance with the organisation's Corporate Procurement Strategy and Policy.
- 10.6 The procedures regarding disposal of assets shall be as follows :
- A disposal form shall be completed and signed by the person arranging the disposal, describing the item(s) to be sold, the purchaser, the agreed proceeds and the accounting code. The disposal form shall be approved and signed by a Grade 2 member of staff (or more senior) and a copy of the disposal form passed to Finance & ICT Services within seven days of the disposal.
- 10.7 The Director of Finance & ICT Services shall be responsible for maintaining registers of fixed assets for those assets which appear as "other fixed assets" in the organisation's audited Accounts. In addition, the Director of Finance & ICT Services shall maintain an inventory of all office furniture and equipment with a value over £50. The Director of Finance & ICT Services shall prepare and maintain procedures for the security tagging, recording and disposal of all such office furniture and equipment.

11. SALARIES AND EXPENSES

- 11.1 No additional permanent staff appointments shall be made outside the approved budget without the prior approval of the Board of Management. The Director of Human Resources is responsible for the establishment budget. The Chief Executive and the Director of Human Resources shall have authority to manage the establishment within the approved budget to meet changing circumstances.
- 11.2 The processing of the payroll, including pension, income tax and national insurance is the responsibility of the Director of Finance & ICT Services. The Director of Finance & ICT Services is also responsible for payments to non-employees and for informing the appropriate authorities of such payments. The Director of Finance & ICT Services is responsible for keeping all records relating to payroll including those of a statutory nature.

- 11.3 Salaries will be paid monthly directly into employees' bank accounts. Payment should be made not later than the last working day of the month.
- 11.4 Information regarding new staff, terminations of appointments and changes in salary levels shall be prepared by the Department of Human Resources and passed to the Finance & ICT Services Department before the agreed cut off date.
- 11.5 All salary adjustment forms and other pay documents will be in a format approved by the Director of Finance & ICT Services.
- 11.6 Overtime payments should be authorised as follows –
- Office Staff – by Grade 2 staff or above
 - Agency Staff – by Grade 2 staff or above
 - Scheme and Project Staff (excluding Very Sheltered Housing & Registered Care Housing) – by the appropriate Housing Officer
 - Care Services – by the Local Manager
 - Very Sheltered Housing – by the Local Manager.
- 11.7 Members and staff shall follow the approved policy on travel and subsistence allowances in claiming expenses incurred on the organisation's business.
- 11.8 Staff expenses shall be approved by the line manager of the person claiming the expenses. In so doing the line manager confirms his/her satisfaction as to the validity of the expenses claimed. The expenses of the Chief Executive shall be approved by the Chair of the Board or, in the Chair's absence, one of the two Vice Chairs of the Board. Expenses of Board of Management and Committee members shall be approved by the Chief Executive (or the Chief Executive's PA if the amount is less than £2,000). All expense claims shall be passed timeously to the Finance & ICT Services Department for payment.

12. INCOME

- 12.1 Income receivable (including rent adjustments) in respect of the organisation's housing properties shall be entered in by the department managing the activity.
- 12.2 The processing of income received shall be the responsibility of the Director of Finance & ICT Services together with the accounting controls thereon including integration to the Accounts system.
- 12.3 Officers of the organisation shall adhere to the organisation's policy on arrears and voids management. Those policies are kept on the organisation's intranet and website.
- 12.4 Invoices in respect of the recovery of costs incurred by the organisation shall be the responsibility of the Department managing the activity. A copy of the invoice with an Account coding shall be passed to the Finance & ICT Services Department.
- 12.5 Donations of cash or other items shall be recorded by both Strategic Support and Finance & ICT Services and a written acknowledgement sent to the donor by the Fundraiser.

13. SECURITY

- 13.1 Each Head of Department is responsible for maintaining proper security for all buildings, stocks, stores, furniture, equipment and cash under his/her control. If levels of security are thought to

be defective or require improvement, this should be discussed with the Chief Executive or Director of Finance & ICT Services.

- 13.2 Maximum limits for cash holdings will be set by the Director of Finance & ICT Services and after consultation with the organisation's insurers.

14. ICT SECURITY AND CONTROL

The Assistant Director (ICT Services) is responsible for maintaining proper security of information held in the ICT systems and for ensuring that ICT users comply with the organisation's Information Security Policy. A report on ICT activities including a report on Information Security shall be submitted annually to the Board of Management. The report should also include details of the organisation's progress against the actions contained within the ICT Strategy as well as giving details of projects to be undertaken in the coming years and linking this to the organisation's general Business Strategy arrangements.

15. REVIEW

The Director of Finance & ICT Services will arrange for the Financial Regulations to be reviewed every three years.