

LISTER HOUSING CO-OPERATIVE LTD

FINANCIAL REGULATIONS *Amended 29 May 2105 with no book-keeper post*

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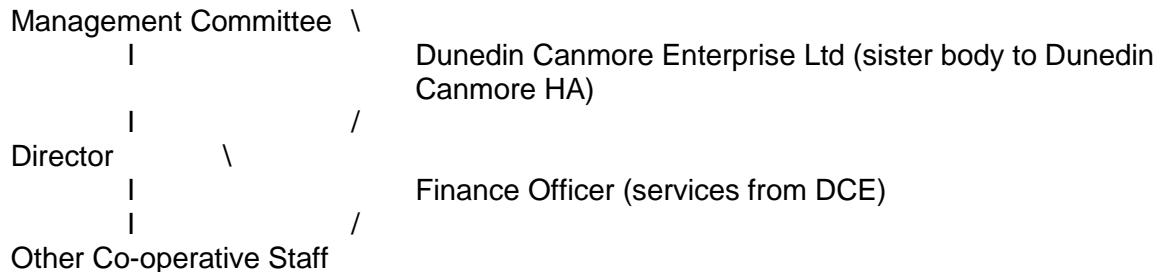
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1.0 INTRODUCTION

- 1.1 Every housing association and co-operative should have a set of financial regulations and procedures in which the financial policies of the association are laid down and these form part of the standing orders of the Co-operative.
- 1.2 These financial regulations are based on the following management structure:

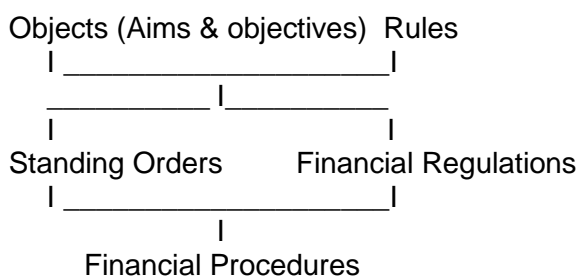


- 1.3 The financial regulations encompass generally accepted best practice. The Scottish Housing Regulator has a duty to supervise and control the activities of Registered Housing Associations. They identify problems through a programme of monitoring visits by its own staff and by encouraging self monitoring by the Co-operative itself. The Scottish Housing Regulator has the power to take corrective action if it identifies weaknesses within the Co-operative
- 1.4 The Scottish Housing Regulator and the SFHA have laid down recommended standards in the Performance Standards documents and the Regulations should meet or exceed those Standards.

2.0 RELATIONSHIP WITH STANDING ORDERS

- 2.1 The Rules of the Co-operative are its constitution and the standing orders of Lister detail how the Co-operative will be run. The financial regulations form part of the Standing Orders and detail the financial policies of the Co-operative. Financial procedures are even more specific than the financial regulations and set out precisely how the regulations will be implemented. Expenditure authorisations are detailed at sections 27 & 28. The Objects (Aims & objectives) are set out in paragraph 2 of the Rules of the Co-operative.

The relationship between these parts of the constitution may be illustrated as follows:



- 2.2 All members of staff have been issued with their job descriptions and a copy of the Standing Orders. Such Standing Orders should be read in the light of these regulations. Breaches of Standing Orders, Financial Regulations or Procedures, could lead to disciplinary action being taken against the staff member concerned.

3.0 POSITION OF MANAGEMENT COMMITTEE

3.1 The Management Committee acts for and in the name of the Co-operative. It must retain ultimate control over all aspects of the Co-operative's work and ensure that its financial and legal responsibilities are fulfilled properly.

3.2 The Office Bearers

The Chairperson, Secretary and Treasurer are elected by the Management Committee. Occasionally action may be required between meetings and the Director can request that the Office Bearers approve a course of action. This is known as an Office Bearers' Sub Committee action and decisions will be reported to the Management Committee at the next Committee meeting.

3.3 The Committee Member

The duty of the Committee member is to the Housing Co-operative, its tenants, its staff and, more generally where it is in receipt of public funds, to the community at large. All Committee members should therefore satisfy themselves that they have sufficient access to all relevant information and are sufficiently informed regarding the affairs of the Co-operative and its background to be able to make informed decisions on matters affecting the Co-operative.

3.4 Financial Control

The Management Committee should at all times be in control of the Co-operative's finances and ensure that the expenditure of the Co-operative is covered by the income it can expect from all sources; also that its financial functions are commensurate with the scale of the Co-operative's activities. Annual audited accounts should be published in accordance with the Co-operative's rules and all statutory returns completed within the time period set out.

The Co-operative has engaged outside consultants to carry out internal audit work in accordance with an agreed plan.

The Management Committee will also ensure that the Co-operative operates as economically as possible within the Co-operative's overall objectives.

The Management Committee issues a statement on Internal Financial Control each year which forms part of the introduction to the annual accounts. The Co-operative has an Audit Sub Committee which can meet as and where necessary to monitor the work of the external and internal auditors as well as to perform other functions as set out in its delegated powers.

4.0 RESPONSIBLE OFFICERS AND FINANCIAL ADMINISTRATION

4.1 The Management Committee is responsible for regulating and controlling the finances of the Co-operative.

4.2 The Director co-ordinates the activities of the other staff and reports back to the Management Committee. The Director liaises closely with the Finance Officer.

4.3 Certain financial services are provided by an outside organisation under an agency agreement. This outside organisation at present is Dunedin Canmore Enterprise Ltd, a sister body to Dunedin Canmore Housing Association. They provide the services of a Finance Officer who is responsible to the Management Committee. The Finance Officer shall liaise closely with the Director. The Director shall be responsible for the managing the Book-keeping function and shall liaise with the Finance Officer over this.

- 4.4 The Finance Officer shall be responsible to the Management Committee for the administration and control of the provision of financial services. The Finance Officer shall liaise closely with the Director in discharging this function. The Finance Officer's responsibilities are set out in Appendix A.
- 4.5 The Finance Officer reports to the Management Committee on the level of resources proposed to be utilised in each financial year and keeps the Committee informed on the Co-operative's finances and financial performance.
- 4.6 The Director shall be responsible for the day-to-day implementation of the financial regulations and financial procedures.
- 4.7 The Director will liaise closely with the Finance Officer on his/her responsibilities, and will supply the Finance Officer with any relevant information for the compilation of financial reports and documents.
- 4.8 The Director and his/her staff will ensure that all day-to-day transactions and records are performed efficiently and accurately and in accordance with the standing orders, financial regulations and procedures.
- 4.9 The Housing Assistant shall maintain the cash book, ledger and associated records concerning the day-to-day transactions of the Co-operative. The Director shall control the cheque books and ensure their safekeeping and a record kept of all cheque books and cheques. Much of the records are computerised, with back-up copies held.
- 4.10 The Management Committee is responsible for making, and amending from time-to-time, such financial regulations and procedures as it considers necessary and desirable for the supervision and control of the finances, accounts, income, expenditure and assets of the Co-operative in conformity with the standing orders.
- 4.11 The Management Committee and identified officers are responsible for the observance of the Co-operative's financial standing orders, financial regulations and detailed financial procedures in all aspects of their responsibilities.
- 4.12 Each identified officer is responsible for the accountability and control of staff and the security, custody and control of all other resources including plant, buildings, materials, cash and stores appertaining to his/her spheres of responsibility.

5.0 BUDGET PREPARATION

- 5.1 The budget is to be prepared in a form agreed by the Management Committee and is to be in line with the objectives of the Co-operative and its Internal Management Plan.
- 5.2 The budget is to be prepared two to three months prior to the financial year end with input by each relevant staff member so that the current year's budget can be revised, taking into account actual results for the year to date, and a budget for the next financial year be prepared. A draft goes to the Management Committee two months before the end of the year.
- 5.3 The budget is to be discussed and approved by the Management Committee in the second last month of the financial year.
- 5.4 Once approved, the budget is to be used as the basis for authority to incur expenditure and for comparison with actual quarterly results.
- 5.5 The Management Committee has power to delegate the authority to spend up to the approved budget limit.

5.6 A Finance & Audit Sub Committee may be established to help the preparation and preliminary discussions on draft budget proposals. This Sub Committee shall liaise with the Maintenance Sub Committee over proposals for future programmed maintenance plans.

6.0 BUDGETARY CONTROL

6.1 Variations in actual income and expenditure against budget are to be reported to the Management Committee every quarter by the Finance Officer.

6.2 Where additional expenditure is identified, authorisation is to be sought from the Management Committee for the overspend. The Office Bearers Sub Committee shall have authority to authorise overspend of up to an agreed amount per item as specified in the detailed financial procedures of the Co-operative in between meetings of the Management Committee subject to subsequent report to the Management Committee.

6.3 Nothing in these financial regulations shall prevent an identified officer from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency subject to their action being reported forthwith to the Director and Management Committee.

6.4 The inclusion of items in approved revenue estimates of capital programmes shall constitute authority to incur such expenditure save to the extent to which the Management Committee shall have placed a reservation on any such item or items. Expenditure on any such reserved items may be incurred only when and to the extent that such reservation has been removed.

6.5 The Finance Officer shall keep the Management Committee informed, each quarter, as to the state of the Co-operative's finances and shall report on the accounts of each financial year within three months of the financial year end and provide audited year-end accounts within three months of the year end.

6.6 Where an identified officer proposes:

- a. A new policy;
- b. A variation of existing policy;
- c. A variation in the means or timescale of implementing existing policy which affects or may affect the Co-operative's finances;

then the officer shall submit a report to the Director for consideration by the Management Committee.

6.7 The Office Bearers Sub Committee shall have authority to approve virements up to an agreed amount as specified in the detailed financial procedures of the Co-operative, subject to subsequent notification to the next Management Committee meeting.

Virement is the process whereby over-runs of expenditure may be set off against under-runs in other related types of expenses.

7.0 ACCOUNTING

7.1 All accounting procedures and records of the Co-operative and its staff shall be determined by the Finance Officer in accordance with requirements of statutory agencies and authorities and in liaison with the Director.

- 7.2 All accounts and accounting records of the Co-operative shall be compiled by the Finance Officer with the assistance of the Housing Assistant and Director.
- 7.3 The following principles shall be observed where possible in the allocation of accounting duties in order to ensure that proper segregation of duties exist. In the absence of a permanent book-keeper post, this segregation shall be maintained by splitting the various between members of the Lister office staff.
- a. Roles:
 - i. People able to issue Job Orders: all office staff.
 - ii. People able to issue Unique Reference Numbers (see section 20): all office staff.
 - iii. People able to approve invoices: Director, Housing Officer, Housing Assistant.
 - iv. People able to (first) signature on cheques: Director, H.O., H.A.
 - b. All cheques need a countersignature from an Office Bearer who shall check the supporting paperwork closely. A sample check of invoice paperwork is carried out by the Office Bearer and a check recording sheet completed and signed.
 - c. There shall be a different staff member who does the following three key tasks:
 - i. Approve invoices
 - ii. Issue a URN (if there is no job order)
 - iii. Write the first signature on the cheque (any can write the other parts of the cheque)
 - d. The Finance Officer shall have no authority or control of the cheque books or bank accounts of the Co-operative.
- 7.4 The following records will be kept:

Nominal Ledger (computerised)
Petty Cash Book
Payroll Records
Rent Book
Fixed Asset Register (property)
Loan Register
Fixed Asset Register (own assets)

Intervals at which the books and records are updated are specified in the detailed financial procedures of the Co-operative. Many of the records have been computerised.

8.0 AUDIT REQUIREMENT

- 8.1 Preparation of annual accounts is to commence shortly after the financial year end. Draft accounts together with the audit schedules are to be prepared for the auditors by the time the audit starts.
- 8.2 A timetable is to be agreed with the auditors and every effort should be made to keep to the schedule.
- 8.3 Draft accounts are usually submitted to the Management Committee at the meeting three months after the financial year-end and adopted at the Annual General Meeting. The maximum time is within 6 months of the end of the financial year (the AGM must be held by this deadline too).

- 8.4 Final audited and signed accounts are to be submitted to the Scottish Housing Regulator within six months after the financial year end.
- 8.5 Final audited and signed accounts are to be submitted to the Financial Conduct Authority within six months after the financial year-end.
- 8.6 Internal audit under the independent control of the Finance Officer shall be arranged to carry out an examination of accounting financial and other operations of the Co-operative. The Co-operative has employed an outside consultancy to carry out internal audit based on an agreed plan and approach.
- 8.7 The Finance Officer or his/her authorised representative shall have authority to:
- a. Enter at all reasonable times any Co-operative's premises or land;
 - b. Access all records, documents and correspondence relating to any financial and other transactions of the Co-operative;
 - c. Require and receive such explanations as are necessary concerning any matter under examination;
 - d. Require any employee of the Co-operative to produce cash, stores or any other Co-operative property under his/her control.
- 8.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash stores or other property of the Co-operative or any suspected irregularity in the exercise of the functions of the Co-operative, the identified officer concerned shall forthwith notify the Finance Officer who shall take such steps as he/she considers necessary by way of investigation and report.

9.0 SCHEMWORK AUDITS

- 9.1 For purposes of The Scottish Housing Regulator schemework audit, the Co-operative must maintain a comprehensive scheme file which contains all relevant documents. Examples of these documents are as follows:
- a. Vendor's written acceptance of the Co-operative's offer for the site or property;
 - b. Valuation report for the site or property which was acquired;
 - c. Solicitor's report on the title to the property;
 - d. A long-term projection of the revenue implications of the scheme over the period of the finance.

10.0 BANKING

- 10.1 Bank accounts held by the Co-operative are specified in the detailed financial procedures of the Co-operative.

The main bank account is reconciled to the cash book on a monthly basis by the Director. The E-bank account is reconciled quarterly though statements are also checked when received.

- 10.2 All arrangements with the Co-operative's bankers shall be made by or under arrangements approved by the Director who shall be authorised to operate such banking accounts, as

he/she may consider necessary. He/she shall liaise with the Finance Officer about any banking arrangements.

10.3 All cheques, shall be ordered only on the authority of the Director who shall make proper arrangements for their safe custody. Past cheque books stubs shall be kept.

10.4 Cheque Mandates: Cheques on all the Co-operative's main banking accounts, shall bear the signature of one authorised member of staff and one Office Bearer as authorised by the Management Committee.

Cheques must be signed by 2 authorised persons - one staff member and one Office Bearer.

Details of authorised persons can be found in the Co-operative's detailed financial procedures.

10.5 The Director shall reconcile from the regular bank statements the cheques presented to the Lister account versus those issued. All discrepancies shall be investigated.

10.6 All cheques are printed with the words 'Account Payee Only' to stop them being endorsed for payment to a third party. These words must not be cancelled on any cheque, except for a petty cash cheque, without the express written approval of the Director. The cancellation of the words must be counter-initialled by an Office Bearer and this position brought to his/her attention when the cheque is being countersigned.

11.0 CONTROL OF CASH, STOCKS, ETC.

11.1 Cash floats and balances kept by the Co-operative are specified in the Co-operative's detailed financial procedures.

11.2 All such floats will be maintained on the imprest system and will be reimbursed by the Housing Assistant as described in 21.0.

11.3 The Co-operative maintains inventories of various items as detailed in the Co-operative's financial procedures. Controls of inventories are shown under 17.0.

11.4 A register of documents of title (deed, share certificates, building society books, etc.) must be kept and those documents not kept by the Co-operative's solicitors, should be stored in a secure place such as a locked safe. Access to the documents will be restricted to the Finance Officer and other responsible officers as approved by the Management Committee.

12.0 CONTRACTS

12.1 Where contracts provide for payment to be made by instalments, the Director shall arrange for the keeping of a contract register or registers to show the state of accounts on each contract between the Co-operative and the contractor, together with any other payments and the related professional fees.

12.2 Payments to contractors on account of contracts shall be made only on a certificate issued by the supervising officer (or Architect, Engineer or Consultant where engaged by the Co-operative) as appropriate, or by his/her deputy or other officer nominated by him/her in writing for the purpose.

12.3 Subject to the provisions of the contract, in each case every variation shall, at his/her discretion, be authorised in writing by:

- a. The appropriate identified officer, or by his/her deputy or other deputy or other officer nominated by him/her in writing for the purpose *or*
 - b. The consultant engaged by the Co-operative when an outside consultant is appointed.
- 12.4 Any such variation, where funding is not available from the lending authority, shall be reported to the Management Committee as soon as practicable and where practicable, work or expenditure shall be stayed until authorised by the Management Committee.
- 12.5 The final certificates of completion of any contract shall not be issued until the appropriate identified officer or external consultant has produced to the Director/Finance Officer a detailed statement of account and all relevant documents, if required.
- 12.6 The Director/Finance Officer shall, to the extent he/she considers necessary, examine final accounts for contracts and he/she shall be entitled to make all such enquiries and receive such information and explanations as he/she may require in order to satisfy him/herself as to the accuracy of the accounts.
- 12.7 Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Solicitor for consideration of the Co-operative's legal liability and, where necessary, to the Finance Officer for financial consideration before a settlement is reached or before any offer of settlement is made.
- 12.8 Where completion of a contract is delayed beyond the contract period, it shall be the duty of the identified officer concerned to consider and, where appropriate, to take action in respect of any claim for liquidated damages.
- 12.9 All officers and consultants shall have regard to the requirements of the Scottish Housing Regulator in respect of matters relating to such contracts.
- 12.10 The Director will maintain a list of approved contractors/consultants which should be reviewed and updated regularly.

13.0 DEPRECIATION POLICY

- 13.1 Any fixed asset owned by the Co-operative (apart from the housing stock) will be depreciated over the expected useful life of the asset.
- 13.2 Rates of depreciation for the different categories of fixed assets are set out in the Co-operative's detailed financial procedures as authorised by the Finance Officer.
- 13.3 Small items of expenditure, such as office equipment costing below an agreed amount, specified in the Co-operative's detailed financial procedures, are treated as repairs and replacements and written off in the year of purchase.

14.0 FIXED ASSET REGISTER

- 14.1 A fixed asset register shall be maintained recording an adequate description of furniture, fittings and equipment, plant and machinery and other capital equipment owned by the Co-operative, and the form in which the fixed asset register shall be kept is to be determined by the Director.
- 14.2 The Office Assistant shall be responsible to the Director/Finance Officer for maintaining an annual check of all items on the fixed asset register accordingly.

- 14.3 The Co-operative's property shall not be removed other than in the ordinary course of the Co-operative's business, or used other than for the Co-operative's purposes except in accordance with specific directions issued by the identified officer concerned.
- 14.4 Scheme equipment shall be separately identified and recorded.
- 14.5 Each identified officer shall ensure that property and equipment is maintained in good working order.
- 14.6 The property register is dealt with in 25.0.

15.0 INCOME

- 15.1 The collection of all money due to the Co-operative shall be under the supervision of the Director.
- 15.2 All employees shall furnish the Director with such particulars in connection with work done, goods supplied or services rendered and of all other amounts due as may be required by him/her to record correctly all sums due to the Co-operative and to ensure that accounts are rendered.
- 15.3 The Director shall be notified promptly of all money due to the Co-operative and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Co-operative and the Finance Officer shall have the right to inspect any documents or other evidence in this connection as he/she may decide.
- 15.4 All receipt forms, books, tickets and other such items shall be ordered and supplied by the Office Assistant who shall satisfy him/herself as to the arrangements for their control.
- 15.5 All money received by an officer on behalf of the Co-operative shall be paid to the Co-operative's bank account or transmitted directly to any other body or person entitled thereto. No deduction may be made from such money except to the extent that the Finance Officer may authorise specifically. Each officer who so banks money shall enter on the paying-in slip a reference to the related debt as set out in the detailed financial procedures of the Co-operative.
- 15.6 No income due shall be written off as a bad debt without the authorisation of the Management Committee.
- 15.7 Donations of cash or other items shall be recorded and a written acknowledgement sent to the donor by a person (Director) other than the Finance Officer.
- 15.8 When the Co-operative is informed of its right to a legacy the details will be recorded and the Finance Officer shall have responsibility to ensure that the legacy is received on a timely basis. Where the Co-operative is a residuary legatee the Finance Officer shall ensure proper administration of the property and shall take whatever action may be required to safeguard the Co-operative's assets.
- 15.9 All income that is not a Housing or Commercial Property rent shall also be recorded in a book for this purpose.

16.0 INSURANCES

- 16.1 The Director or other nominated responsible officer shall effect all insurance cover and negotiate all claims in consultation with other officers where necessary.

- 16.2 Officers shall give prompt notification to the Director or other nominated responsible officer of all new risks, properties, or vehicles which require to be insured and of any alterations affecting existing insurance policies.
- 16.3 All officers shall forthwith notify the Director or other nominated responsible officer in writing, of any loss, liability or damage or any event likely to lead to a claim and inform the police, unless otherwise decided by an identified officer.
- 16.4 All appropriate employees of the Co-operative shall be included in a suitable fidelity guarantee insurance policy.
- 16.5 The Director or other nominated responsible officer shall annually, or at any such lesser period than he/she may consider necessary, review all insurances in consultation with the Finance Officer and/or other identified officers as appropriate.
- 16.6 Identified officers shall consult the Director, the Finance Officer or other nominated responsible person and solicitor regarding the term of any indemnity which the Co-operative is requested to give.

17.0 INVENTORIES

- 17.1 Inventories shall be maintained recording an adequate description of furniture, fittings and equipment, plant and machinery and other small items of equipment used up during developments and the form in which the inventories shall be kept is to be determined by the Director.
- 17.2 The Office Assistant, or any other staff members as decided, shall be responsible to the Director for maintaining an annual check of all items on the inventory, for taking action in relation to surplus or deficiencies and noting on the inventory accordingly.
- 17.3 The Co-operative's property shall not be removed other than in accordance with the ordinary course of the Co-operative's business or used other than for the Co-operative's purposes except in accordance with specific directions issued by the identified officer concerned.
- 17.4 Each identified officer shall be responsible for the care and custody of the stocks and stores under his/her control.
- 17.5 Scheme inventories shall be separately identified and recorded.

18.0 INVESTMENTS AND BORROWINGS

- 18.1 It is essential that the Co-operative's investments are properly and professionally managed. To achieve this the Co-operative may employ the services of investment managers authorised under the requirements of the Financial Services Act (1986).
- 18.2 The Director will monitor the performance of the above and be responsible for the investment of short-term cash deposits on the best possible terms. Regard should always be had for the security of any investment as well as the yield. The advice of the Finance Officer shall be sought on all such investments.
- 18.3 All investments of money under its control shall be made in the name of the Co-operative.
- 18.4 All securities which are the property of (or in the name of) the Co-operative shall be held in the custody of the Co-operative's bankers except where held by a lending authority. All borrowings shall be effected in the name of the Co-operative.

18.5 The Co-operative has a borrowing strategy, and treasury management policy and a risk management strategy.

18.6 The Director shall maintain records of all borrowings of money by the Co-operative.

18.7 All the Co-operative's funds shall be in the name of the Co-operative.

19.0 ORDERS

19.1 Official orders shall be in a form approved by the Director and Finance Officer and are to be signed only by identified officers who are the Director, the Housing Officer, the Housing Assistant and the Office Assistant.

19.2 Official orders shall be issued for all work, goods or services to be supplied to the Co-operative except for supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases or such other exceptions as the Director may approve.

19.3 A copy of any order shall be supplied to the Finance Officer upon request.

19.4 Items ordered using the Co-operative's Credit Card shall be logged on the CC log sheet and a copy of the invoice clipped to the sheet. At the end of each month an Office Bearer shall sign off this monthly sheet. This shall be checked by the Housing Assistant each month when the bank statement (with the associated direct debit for monthly charges) is being checked.

20.0 PAYMENTS OF ACCOUNTS

20.1 Apart from petty cash and other payments from advance accounts, the normal method of payment of money due from the Co-operative shall be by cheque drawn on the Co-operative's bank account by signatories duly authorised by the Management Committee.

20.2 The identified officer or such other officer nominated in writing by him/her for the purpose of issuing an order is responsible for examining, verifying and certifying in writing the related invoice(s) and similarly for any other payment vouchers or accounts arising from his/her section. A specimen set of expenditure authorisations is included at 28.0.

20.3 Statements or photocopies of invoices will not be accepted by the staff for processing except in exceptional circumstances where a written explanation accompanies the photocopies and the Director has approved such an explanation.

20.4 Before certifying an account, the certifying officer shall, except to the extent that the Finance Officer may otherwise determine, have satisfied him/herself that:

- a. The work, goods or services to which the account relates have been received, carried out, examined and approved;
- b. The prices, extensions, calculations, trade discounts, other allowances, credits, tax and allocation (i.e. coding) are correct;
- c. The relevant expenditure has been properly incurred, is within the relevant estimate provision;
- d. Appropriate entries have been made in inventories, store records or stock books as required;
- e. The account has not been previously passed for payment and is a proper liability of the Co-operative.

f. The officer shall evidence that he/she is satisfied concerning these matters by approving invoice or payment voucher.

20.5 Once accounts have been correctly certified then, if they do not have a Works Job Order, they should have a URN. Another member of staff must check the URN list before signing off the issuance of an URN, to check that this particular invoice has not been paid already.

20.6 All payments must have a URN except for the following: Direct debits, standing orders, works job orders, and invoices under £100. Where there are several invoices to one supplier being paid then each one (over £100) needs an individual URN.

20.7 Once each invoice has a Job Order or URN, it shall be put in the 'To Pay' folder. The Housing Assistant, typically, shall examine them to the extent that he/she considers necessary, for which purpose the staff member doing the examination shall be entitled to make such enquiries and to receive such information and explanations as he/she may require.

20.6 Any amendment to an account shall be made in ink and initialled by the officer making it, stating briefly the reasons where they are not obvious.

20.7 Each identified officer shall, as soon as possible after the financial year end in each year, agree with the Finance Officer all outstanding expenditure in relation to the previous financial year.

20.8 Responsibility for the authorisation of an account lies ultimately with the officer who signs the payment authorisation. The officers who have the authority to approve payment for either goods or services within the Co-operative's approved revenue budget are specified in the Co-operative's detailed financial procedures.

20.9 Cheque Payments: The general rule is that invoices are paid by the end of the 28 days following the date on which they are received by the Co-operative. This is subject to variations and agreed with the individual supplier of goods and services, and as set out in the Co-operative's detailed financial procedures.

20.10 Over-ride Procedure: If a payment has to be made more quickly than the general rule then this is possible.

20.11 Countersigning by the Office Bearers: The Office Bearers should check that all the invoice paperwork is complete and properly authorised. They should check the cheque details match the invoice before signing the cheque and do the sample checks outlined in 7.3.b.

21.0 PETTY CASH AND POSTAGE

21.1 A petty cash imprest is held for the purpose of making disbursements and properly authorised expenses, and maintaining a cash float. The level of imprest is determined by expenses flow and security considerations.

21.2 The officers who are approved to authorise petty cash vouchers are specified in the Co-operative's detailed financial procedures.

21.3 After completion of an expense analysis which is approved by the Housing Assistant, reimbursement is made restoring the imprest back to its original level.

21.4 The purchase and issue of stamps shall be controlled as laid down in the Co-operative's detailed financial procedures.

22.0 SALARIES, WAGES AND PENSIONS

- 22.1 The annual salary review and other relevant staff reviews are initiated by the Director and must be approved by the Management Committee. The individual increases are then agreed and authorised. The Director shall have regard to any arrangements with trades unions and to any increases in the salary scales to which the Co-operative may be linked.
- 22.2 All monthly paid staff are paid in a set week each month as specified in the Co-operative's detailed financial procedures.
- 22.3 All weekly paid staff are paid on the same day each week, as specified in the Co-operative's detailed financial procedures.
- 22.4 All payments shall be made by the Director or under arrangements approved and controlled by the Finance Officer.
- 22.5 Appointment of all employees shall be made in accordance with the instruction given to the Director by the Management Committee and the approved establishments, grades and rates of pay.
- 22.6 For new posts the salary/wage level will be recommended by the Director and must be approved by the Management Committee.
- 22.7 All time records and other pay documents shall be in a form prescribed or approved by the Director.
- 22.8 Each identified officer shall be responsible for ensuring that the Director and the Finance Officer is notified as soon as possible and in the form prescribed by him/her, of all matters affecting the payment of such benefits, and in particular:
- a. Appointments, resignations, dismissals, suspensions, secondments and transfers;
 - b. Absences from duty for sickness or other reason, apart from approved leave;
 - c. Changes in remuneration, other than normal increments, and pay awards and agreements of general application;
 - d. Information necessary to maintain records of service for superannuation, income tax, national insurance etc.
- 22.9 All casual and part-time employees shall be included on the payroll.

23.0 SECURITY PROCEDURES

- 23.1 Each identified officer is responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, equipment, cash, etc. under his/her control. He/she shall consult the Director in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 23.2 Maximum limits for cash holdings shall be set out in the renewal/policy note issued by the Co-operative's insurer.
- 23.3 Keys to the safe are to be kept secure by each person responsible for them. The loss of any such keys must be reported to the Director.

- 23.4 An officer shall be responsible for maintaining proper security and privacy of information held in a computer installation or for its use. The restriction of access to computer areas or telephone banking to authorised persons only and the use of passwords are the types of security control that will be instituted.
- 23.5 Information relating to individuals held on computer will be subject to the provisions of the Data Protection Acts. A data protection officer shall be nominated to ensure compliance with the Acts.

24.0 TRAVEL AND SUBSISTENCE

- 24.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified by an identified officer, in a form approved by the Director, to the Director.
- 24.2 Payments to members of the Co-operative or its Committee, who are entitled to claim travelling or other allowances, will be made by the Director upon receipt of the prescribed form duly completed. All claims for a financial year are to be submitted within one month of the financial year end.
- 24.3 The certification by the identified officer shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Co-operative.
- 24.4 Officers' claims submitted more than six months after the expenses were incurred will be paid only with the express approval of the Finance Officer or Director.
- 24.5 Claims by the Director over a minimum set out in the expenditure limits must be approved by the Chair or Treasurer.

25.0 TENURES OF PROPERTY

- 25.1 The Director will maintain a register of all properties owned by the Co-operative in a form approved by the Finance Officer recording location, extent and the Scottish Housing Regulator reference, purchase details, particulars of nature of interest and rents payable and particulars of tenancies granted.
- 25.2 The Co-operative's bankers or solicitors shall have the custody of all title deeds under secure arrangements, where not held by the lending authority.

26.0 WRITING OFF IRRECOVERABLE ITEMS OF INCOME

- 26.1 The Co-operative will write off all established bad debts as soon as possible in order not to distort the current rent arrears and other bad debts position. Consideration should be given as to whether or not the present abode of ex-tenants in arrears is known to establish whether the doubtful debts are collectable or not.
- 26.2 Before any income is written off in the financial records of the Co-operative the approval of the Finance Officer and the Management Committee must be obtained.

27.0 EXPENDITURE AUTHORISATIONS

- 27.1 The Management Committee has approved the following procedures for the authorisation of expenditure commitments, and invoices for payment. Levels of authority range from staff to the Management Committee itself, and it is important for the good internal control of the Co-operative's expenditure that all staff have a working knowledge of the content. It is the

responsibility of the Director to ensure that all staff affected are fully aware of their own authority levels and limits

27.2 Expenditure is divided into the following sections:

- a. Capital expenditure (other than on properties)
- b. Capital expenditure (properties) and other development expenditure
- c. Staff appointments, salaries and staff costs
- d. Property management costs
- e. Office and administrative expenditure (equipment over £ 750 to be capitalised)
- f. Miscellaneous expenditure
- g. Amendments will be made from time to time, when necessary.

27.3 There are a number of important points to observe in following the authorisation procedure. If you are now, or in the future, in any way involved, please note all the following carefully:

- a. Three separate procedures are involved in incurring expenditure:
 - (1) Taking on the commitment to spend
 - (2) Certification that the expenditure is arithmetically correct
 - (3) Approving the invoice after goods or services received
- b. Written evidence of the approval, certification and authority should be affixed using the special stamp on the front of the invoice.
- c. The person approving an invoice will be expected to be satisfied that prior approval of the original order or instruction was given, at the appropriate level, in cases where such prior approval is required. The initial invoice signatory is responsible for ensuring that this is done before passing to another authorised staff member for payment.
- d. Payments to suppliers, etc. will not be made if substantiated only by statements. If an invoice has been mislaid, a copy must be obtained from the supplier, clearly marked "COPY" and specifically endorsed: 'Original mislaid, pay on this copy'.
- e. The 'Allocation Codes' must be in accordance with the approved budget heading and not changed in order to 'vire' expenditure.
- f. Approval of invoices will include a check of the calculations.
- g. All supporting paperwork must accompany the cheque which is presented to the Office Bearer to sign.
- h. Once a cheque has been countersigned the invoice shall be stamped with a Paid stamp.

28.0 EXPENDITURE AUTHORISATIONS - DETAILS

Approval of commitment

Approval of invoice

28.1 CAPITAL EXPENDITURE (*OTHER THAN PROPERTIES*)

a. Furniture and Fittings equipment - under £ 350	Director	Director
- over £ 350	Management Committee	Director
b. Motor Vehicles	Management Committee	Director
c. Office Premises - Under £ 350	Director	Director
- Over £ 350	Management Committee	Director
d. Alterations to premises	Management Committee	Director

28.2 CAPITAL EXPENDITURE (*PROPERTIES*)

a. Purchase of property	Management Committee	Director
b. Consultants' Fees	Management Committee	Director
c. Works costs	Management Committee	Scheme Architect or Surveyor; and Director

28.3 STAFF APPOINTMENTS, SALARIES AND STAFF COSTS

a. New appointments and replacement staff	Management Committee	Director
b. Temporary staff	Office Bearers' Sub Committee	Director
c. Salary reviews	Management Committee	Director
d. Travelling & entertaining expenses: Conferences	Management Committee	Director
Meetings	Director	Director
e. Management Committee & Sub Committee members' expenses	Management Committee	Director
f. Director's expenses: - under £ 30	Housing Assistant/Officer	Housing Assistant/Officer
- over £ 30	Chairperson or Treasurer	Chairperson or Treasurer

28.4 PROPERTY MAINTENANCE COSTS

a. General maintenance - under £ 4,000 - £ 4,000 and over	Director / Housing Officer / Assistant / Office Assistant Management Committee	Director/Housing Officer / Housing Assistant Director/Housing Officer / Housing Assistant
b. Redecoration for relets	Director	Director/Housing Officer / Housing Assistant
c. Cyclical maintenance	Management Committee	Director / Housing Officer
d. Contractors' hourly rates	Director	Director/Housing Officer / Housing Assistant
e. Tenders for programme work	Under £4,000 = Director / 1 contractor £4,000-£15,000 = 2 tenderers £15,000 + = 3 tenderers	

28.5 OFFICE AND ADMINISTRATIVE EXPENDITURE

a. Stationery, supplies printing etc.	Office Assistant /Director/ Housing Officer / Assistant	Office Assistant / Director/ Housing Officer / Housing Assistant
b. Photocopier lease	Office Bearers Sub Committee	Director

28.6 MISCELLANEOUS EXPENDITURE

a. Audit (external & internal)	Management Committee	Director
b. Consultancy fees	Management Committee	Director
c. Publications & subscriptn (renewals) - under £50 - over £50	Director Management Committee	Director Director
d. New subscriptions and affiliations	Management Committee	Director

28.7 PETTY CASH

The impress is £ 150 See Financial Procedures for details

NB Where the Director is the authorised officer, the Housing Officer in his absence would be the authorised officer.

29.0 EXPENSES

29.1 The Co-operative will reimburse the baby-sitting expenses of tenants attending Management Committee meetings or Sub Group meetings on the following basis:

- a. That the expenses had been actually incurred;

- b. That a claim form is completed;
- c. The level of reimbursement (maximum) is as follows:
 - £ 3.50 per hour for one child
 - £ 4.00 “ “ “ 2 children
 - £ 4.50 “ “ “ 3 children
 - £ 5.00 “ “ “ 4 children
 - £ 5.50 “ “ “ 5 children
- d. The maximum payable shall be £ 5.50 per hour.
- e. The amount claimed may be less than the maximum.
- f. Where baby-sitting costs are inappropriate, e.g. for daytime attendance at a conference, the actual costs of childcare would be paid.

29.2 Payment of expenses to Committee Members - the current policy is as follows:

- a. to pay out of pocket expenses to Committee members attending events on Co-operative business at the rate of £20.00 for each attendance of one full day and evening **or** one overnight stay; and
- b. to pay expenses for the care of adult dependants who need care or supervision on the same basis as childcare expenses.

30.0 CAPITALISATION OF OFFICE EXPENDITURE

30.1 The Co-operative shall weigh up the following matters when considering whether to capitalise an item of office expenditure:

- a. Does it have a significant cost e.g. over £ 750.
- b. Does it give enduring benefit, i.e. will it give service or benefits over a period of time.
- c. Does it enhance the location / item which it is located / fixed.

30.2 There may be occasions when items, say under £ 750, may be capitalised when they form part of a bigger project and one wishes to capitalise all the relevant expenditure.

31.0 CAPITALISATION OF EXPENDITURE ON HOUSING PROPERTIES

31.1 The accountancy standards give guidance on when expenditure on housing properties may be capitalised. Three examples are given if instances when capitalisation is accepted as the norm, namely:

- a. When the rental of the property can be increased arising from the work undertaken;
- b. The work prolongs the life of the element significantly, i.e. so as to postpone its future replacement.
- c. The work reduces significantly the ongoing cost of maintaining the element.

31.2 The Co-operative should bear this advice in mind when deciding whether to capitalise spending on its housing properties. Dialogue with the Co-operative's external auditor in advance of such decisions may be useful in appropriate circumstances.

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APPENDIX A RESPONSIBILITIES OF THE FINANCE OFFICER

see: file ref. fagdaf

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