

**MHA**  
**GROUP STANDING ORDERS**  
**&**  
**FINANCIAL REGULATIONS**

## CONTENTS

### SECTION ONE – INTRODUCTION

- 1.0 [The Legal structure](#)
- 2.0 [Definitions](#)
- 3.0 [General](#)
- 4.0 [Board structure](#)
- 5.0 [External regulation](#)

### SECTION TWO – CONSTITUTIONAL MATTERS AND DELEGATIONS

- 6.0 [Board of Management Structure](#)
- 7.0 [Board and Shareholding Membership](#)
- 8.0 [Chairs and Office Bearers](#)
- 9.0 [Urgent Decisions \(Chair's action\)](#)
- 10.0 [Company Secretary/Board Secretary](#)
- 11.0 [Servicing Board and Committees](#)
- 12.0 [Corporate Plans, Strategies and Policies](#)
- 13.0 [Risk Management](#)
- 14.0 [Treasury Management](#)
- 15.0 [Executive Management Team](#)
- 16.0 [Code of Conduct](#)
- 17.0 [Anti-fraud and bribery policy](#)
- 18.0 [Representation on Other Bodies](#)
- 19.0 [Human Resources Matters](#)
- 20.0 [Statutory and Regulatory returns and registers – Delegated Powers](#)
- 21.0 [Equality and Diversity](#)
- 22.0 [Operational Services](#)
- 23.0 [New Build Development](#)
- 24.0 [Finance](#)
- 25.0 [Corporate Services](#)

### SECTION THREE – FINANCIAL REGULATIONS

- 26.0 [General Introduction](#)
- 27.0 [Safeguarding Assets](#)
- 28.0 [Financial Framework](#)
- 28a [Responsibility and procedures](#)

28b	<a href="#"><u>Books and records</u></a>
28c	<a href="#"><u>Property and other fixed asset registers</u></a>
28d	<a href="#"><u>Accounting</u></a>
28e	<a href="#"><u>Financial planning</u></a>
28f	<a href="#"><u>Financial year</u></a>
28g	<a href="#"><u>Annual budgets</u></a>
28h	<a href="#"><u>Reporting, Control and Monitoring</u></a>
28i	<a href="#"><u>Cash flow</u></a>
28j	<a href="#"><u>Written procedures</u></a>
29.0	<a href="#"><u>Budgets, Budgetary Control &amp; Virement</u></a>
29a	<a href="#"><u>Annual revenue budget</u></a>
29b	<a href="#"><u>Development costs</u></a>
29c	<a href="#"><u>Other fixed asset budgets</u></a>
29d	<a href="#"><u>Budgetary control</u></a>
29e	<a href="#"><u>Virement</u></a>
29f	<a href="#"><u>Unbudgeted expenditure not met by virement</u></a>
30.0	<a href="#"><u>Financial Statements</u></a>
31.0	<a href="#"><u>Audit &amp; Taxation</u></a>
31a	<a href="#"><u>External audit</u></a>
31b	<a href="#"><u>Internal audit</u></a>
31c	<a href="#"><u>Other audits and reviews</u></a>
31d	<a href="#"><u>Taxation</u></a>
32.0	<a href="#"><u>Insurance</u></a>
33.0	<a href="#"><u>Warrantees and indemnities</u></a>
34.0	<a href="#"><u>Business continuity and disaster recovery planning</u></a>
35.0	<a href="#"><u>Security procedures</u></a>
36.0	<a href="#"><u>Cash and bank</u></a>
36a	<a href="#"><u>Banking arrangements</u></a>
36b	<a href="#"><u>Petty cash</u></a>
36c	<a href="#"><u>Credit cards</u></a>
36d	<a href="#"><u>Funds for owners' maintenance</u></a>
36e	<a href="#"><u>Income</u></a>
36f	<a href="#"><u>Collection systems and notification of sums due</u></a>
36g	<a href="#"><u>Collection of cash and banking</u></a>
36h	<a href="#"><u>Credit control and write offs</u></a>
36i	<a href="#"><u>Tenant account adjustments</u></a>
36j	<a href="#"><u>Tenant refunds</u></a>
36k	<a href="#"><u>Rent setting</u></a>
37	<a href="#"><u>Salaries, wages, payments and expenses</u></a>

- 37a [Payment of salaries, wages, pensions and other deductions](#)
- 37b [Travel, subsistence, accommodation and other expenses](#)
- 37c [Payment of Board remuneration and expenses](#)
- 38 [Authorised signatories and cheque signatories](#)
- 39 [Expenditure authorisations](#)

## SECTION ONE – STANDING ORDERS

### 1. THE LEGAL STRUCTURE

- 1.1 The Group is currently made up of two legal entities; Maryhill Housing Association Limited (Maryhill Housing) and its wholly owned subsidiary; Maryhill Communities Limited (Maryhill Communities) (which is not trading as at January 2019).

### 2. DEFINITIONS

- 2.1 In these Standing Orders the following words and expressions shall have the following meanings assigned to them:

<b>The Group</b>	Maryhill Housing Association Limited and Maryhill Communities Limited and any other future Subsidiary of the Parent
<b>The Parent</b>	Maryhill Housing Association Limited
<b>The Subsidiary</b>	Maryhill Communities Limited and any other future Subsidiary of the Parent
<b>The Parent Board</b>	The Board of Management of Maryhill Housing
<b>The Subsidiary Board</b>	The Directors Meeting of Maryhill Communities and any other future Subsidiary of the Parent
<b>Parent Board Member</b>	Shareholding members of Maryhill Housing who have been appointed to the Parent Board at an Annual General Meeting, and shareholding members who have filled a casual vacancy on the Parent Board, and any persons co-opted on to the Parent Board
<b>The Chair</b>	The Parent Board Member appointed as Chair of Maryhill Housing
<b>The Vice Chair</b>	The Parent Board Member appointed as Vice Chair of Maryhill Housing
<b>Committee Member</b>	Individuals appointed to the Audit & Risk Committee of Maryhill Housing
<b>Committee Chair</b>	The Committee Member appointed as Chair of the Audit & Risk Committee of Maryhill Housing
<b>Subsidiary Board Member</b>	Individuals appointed as Directors of the Subsidiary
<b>Secretary</b>	The Chief Executive, who is authorised by the Parent Board to act in the capacity of Secretary, and delegate activity in accordance with Delegations Schedule
<b>Chief Executive</b>	Chief Executive and Company Secretary
<b>Executive Management Team</b>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Director of Operations</li> <li>• Director of Resources</li> </ul>
<b>Remits</b>	These are the terms of reference which set out the scope of duties and delegation of authority for each Committee and Subsidiary Board. They are approved by the Parent Board and can be subject to review.

### **3. GENERAL**

- 3.1** The Constitution of an organisation sets out the objectives, scope, legal powers and authorities to act of the organisations. The form and name of the Constitution document will vary depending on the type of organisation.
- 3.2** The Constitution of Maryhill Housing Association Limited is set out in the Rules of Maryhill Housing Association Limited as a Registered Society under the Co-operative and Community Benefit Societies Acts 2014 (registered no 1904R(S)).
- 3.3** The Constitution of Maryhill Communities Limited is set out in its Memorandum & Articles as a private company limited by shares incorporated under the Companies Acts 2006 (company no SC398293).
- 3.4** As the Parent, Maryhill Housing Association Limited retains ultimate control over all aspects of the Subsidiary's work and must ensure the Subsidiary's financial and legal responsibilities are properly fulfilled. If Maryhill Communities Ltd commences trading there will be an Independence Agreement and Service Sharing Agreement set up at the outset between the Parent and the Subsidiary which records the respective responsibilities and duties between the Parent and the Subsidiary.
- 3.5** The legal powers and limits set out in the Constitution documents are further supplemented by these Group Standing Orders & Financial Regulations which detail how the Group will be run and business conducted on a day to day basis, including delegation of authority.
- 3.6** These Group Standing Orders apply to the Parent Board, all Subsidiary Boards, Committees and staff. The document is a handbook/ resource for Board members and staff and a point of reference which will be updated as legal requirements change and the Group's policies and procedures are reviewed.
- 3.7** The order of precedence of these documents is as follows:-
1. the Constitutional documents – i.e. Rules or Memorandum & Articles as relevant
  2. the Independence Agreement
  3. the Group Standing Orders
- 3.8** Therefore, nothing in these Group Standing Orders & Financial Regulations shall allow any Board, Committee or staff member to act in contravention of the relevant constitutional document.
- 3.9** It is the responsibility of all Group Board Members and employees to familiarise themselves with the contents of these Group Standing Orders & Financial Regulations, to seek any advice they may need, and to ensure they are observed within the boundary of their role.

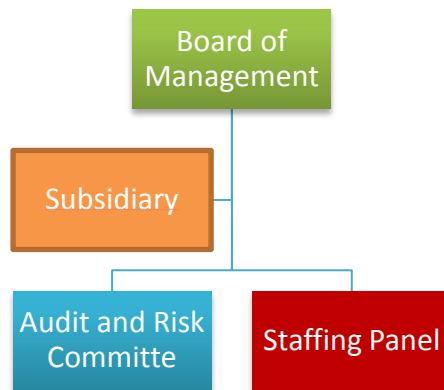
- 3.10 These Group Standing Orders & Financial Regulations should be adhered to at all times, unless specific prior approval has been given by the Board.
- 3.11 In very exceptional urgent circumstances, Standing Orders may be deviated from, if approved by an Executive Team Member, and agreed with the Chair of the Parent Board, which must be documented and reported to the next meeting of the Board together with the reason why the deviation was required.

#### 4. BOARD STRUCTURE

The Group's governance structure is set out in diagram A section 4.2. below.

- 4.1 The governance of the Organisation is carried out by the Board and Committees of the Parent and the Subsidiary (hereinafter refers to such subsidiary or Subsidiary as exist at any given time)
- 4.2 The Parent has 1 functional Committee which covers Audit & Risk. A Staffing Panel is convened as required. There is also provision for Short Life Working Groups to be set up, subject to the Parent approving specific Remits. The Subsidiary has a Board of Directors. Diagram A below shows the Board, Subsidiary and Committee Structure.

**Diagram A**



#### 5. EXTERNAL REGULATION

- 5.1 The Group is bound by and subject to external regulations and guidance from a number of sources, including the

Government, Companies House, Office of the Scottish Charities Regulator, and the Scottish Housing Regulator. These Standing Orders set out how the Group operates and delegates responsibility from the Parent Board to officers but is always subject to these external requirements. Nothing within this framework shall override instructions or conditions imposed by these external regulators.

## **SECTION TWO – CONSTITUTIONAL MATTERS AND DELEGATION**

### **6 Board of Management Structure**

- 6.1** The composition of the Board of Management shall be a minimum of 7 and a maximum of 15 members inclusive of co-opted members but exclusive of any Board member appointed by Glasgow City Council. 12 of the Board Member places will be for fully appointed Board Members and 3 Board Member places will be reserved for co-optee appointments. Tenant Board Members must be in the majority at all times.
- 6.2** The Board of Management may fill casual vacancies by appointing a Member to be a Board Member as the need arises, and in accordance with its rules, but in no instance can the number of Board of Management members inclusive of casual vacancies exceed 15.
- 6.3** Co-opted Board Members cannot make up more than one third of the total number of Board Members at any time, and Co-opted Board Members do not count towards the quorum requirements of any Board or Committee meeting.

### **Role of the Chair and Vice Chair**

- 6.4** This is set out in Chair and Vice-Chair role descriptions

### **Responsibilities of the Board of Management**

- 6.5** The Board of Management is responsible for the leadership, strategic direction and control of the Association with the aim of achieving good outcomes for its tenants and other service users in accordance with Regulatory Standards and Guidance issued by The Scottish Housing Regulator from time to time.
- 6.6** The Board of Management is directly responsible for the management of the Association's affairs, but may choose to delegate its powers to sub-committees or to staff or to Office Bearers. These Group Standing Orders set out the delegation decisions of the Board of Management.



## **Powers Retained by the Board of Management**

- 6.7** The Board of Management has retained authority for approving the key strategic and governance decisions in respect of the running the Association as set out in the Delegations Schedule at Appendix A.

## **Committee Powers**

- 6.8** The Board of Management may choose to delegate some of its decision making powers to Committee's as it sees fit. Currently the Association has one standing Committee, the Audit & Risk Committee and also a Staffing Panel which is convened as required.
- 6.9** The powers delegated to any Committee by the Board of Management will be set out in Remit documents which will be reviewed from time to time by the Board of Management.
- 6.10** The remit for the Audit & Risk Committee is contained at Appendix C
- 6.11** The remit for the Staffing Panel is contained at Appendix D

## **7. BOARD AND SHAREHOLDING MEMBERSHIP**

- 7.1** The composition of the Board, the procedures for election and co-opting, voting rights, retirement by rotation, appointment and removal of Board Members and shareholding members are set out in detail in the Parent's Rules and Group Code of Conduct. The process for appointments to a Subsidiary is set out in the Memorandum & Articles and Independence Agreement.
- 7.2** The Board may appoint any person who is willing to act to fill a Board vacancy, which may arise, subject to the Rules, and in accordance with identified recruitment needs.
- 7.3** The Chief Executive will ensure that all new Group Board Members are properly inducted into their roles and the necessary documentation is completed.
- 7.4** In accordance with its Remit and Code of Conduct, the Board will at least annually review its collective effectiveness, and will ensure that the contributions of individual Board Members are also reviewed annually to ensure that the Board has the necessary range of skills, knowledge and experience available to fulfil its responsibilities effectively. This review also includes ensuring Group Board Members regularly attend and contribute to meetings, are properly prepared; possess the correct balance of skills and experience.

## **8. CHAIRS AND OFFICE BEARERS**

**8.1** Whilst the Rules require the post of Group Chair and Vice-Chair to be formally elected each year, the Terms of Office is a maximum of five years.

**8.2** The Group Chair cannot be Chair or Vice Chair of any Subsidiary or Audit and Risk Committee. The role of the Group Chair is set out in the Rules and in the Code of Governance. The Parent Board has also put a detailed role description for the Chair and Vice Chair of the Parent Board in place.

## **9. URGENT DECISIONS (CHAIR'S ACTION)**

**9.1** In between the programmed meetings of the Boards, the Chief Executive, or appropriate member of the Executive Management Team (with the authority of the Chief Executive) is authorised, in consultation with the Chair of the Board, to deal with unexpected urgent work or a need for unplanned expenditure. Such cases would be exceptional; for example where a failure to deal with the matter could breach business continuity policy, legislative or regulation and/or present a significant risk to the Association if it is not dealt with prior to the next Board meeting. In such cases, a written report and recommendation will be provided by the Executive Team Members and signed by the Chair of the Board.

**9.2** In the absence of the Chair of the Board, the consultation will be with the Vice-Chair of the Board and the Chair of Audit and Risk Committee.

**9.3** In the absence of the Chief Executive, members of the Executive Management Team will consult with relevant Group Members.

**9.4** Any actions taken using these powers will be reported to the next appropriate Parent Board, and/ or Subsidiary or Committee for information.

## **10. COMPANY SECRETARY/ BOARD SECRETARY**

**10.1** The Chief Executive shall be appointed Company Secretary.

**10.2** The Chief Executive also has delegated authority from the Parent Board to undertake the role of Board Secretary in accordance with the Rules and the delegation to and from the Chief Executive are as follows :-

- Calling and going to all meetings of the Association and all Board Meetings
- Keeping the minutes for all meetings of the Association and Board
- Sending out letters, notices calling meetings and relevant documents to members before a meeting
- Preparing and sending all the necessary reports to The Scottish Housing Regulator
- Ensuring compliance with these Rules unless the Board decides otherwise

- Keeping the Register of Members and other registers required under these Rules

**10.3** The Chief Executive may delegate these duties to the Corporate Support Team on a day to day basis.

**11. SERVICING BOARD AND COMMITTEES**

**1.1** The following Executive Management Team members and Managers are delegated to formulate the agendas in consultation with the relevant Chair, circulate papers at least seven days prior to the date of the meeting and prepare draft minutes for Board and Committee approval.

<b>MHA Board and AGM</b>	Chief Executive
<b>Audit and Risk Committee</b>	Director of Resources
<b>Maryhill Communities Limited</b>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Directors</li> </ul>
<b>Staffing Panel</b>	Chief Executive and Human Resources Manager

**11.2** An outline of the business to be conducted at each Board is set out in the annual calendar, which will be prepared as part of the corporate planning process. Additional items can be added to individual agendas as appropriate. Agendas will be agreed with the Chair 2- 3 weeks prior to the meeting. The Chair of the meeting may vary the order of business with the consent of the majority of the members present.

**11.3** Urgent business may be tabled at meetings, by way of supplementary reports, only with the explicit agreement of the Chair and only in exceptional circumstances.as set out in Section 9 above.

**11.4** All Senior Managers responsible for Board items should ensure that all items requiring a decision are supported by a written report or presentation. Reports should be clear and concise and avoid presenting data in a form which makes it difficult to extract the main points. The template for Board reports can be found at appendix XXX and the Board reserves the right to amend this template as they see fit.

**11.5** Members of the Executive Management Team are invited to attend, but not vote at, relevant Board meetings, unless specially excluded by the Chair. Other Managers may be invited, as agreed with the Chair or the Executive Team Members responsible for the report, where they can assist in the presentation of reports and contribute to the discussion, or for their personal development.

**11.6** The Chair will ensure that any meeting is conducted in accordance with the Rules and Code of Conduct.

**12. CORPORATE PLANS, STRATEGIES AND POLICIES**

**12.1** The Executive Management Team will prepare regularly (every three - five years) a Corporate Plan, in consultation with customers and stakeholder, Board members and staff, for consideration by the Parent Board. The Plan will include the following:-

- The Group's primary aims and objectives;
- Financial projections for the next five years and 30 years;
- The background and context to its current strategies; including key risks and challenges
- Future plans and measurable targets.

The Subsidiary Board will also be supported to produce a 3 year Business Plan for Parent Board approval and annual delivery plans in accordance with the Independence Agreement.

**12.2** The Executive Management Team will prepare, and the Parent Board will review the corporate strategies which will apply throughout the Group. The Parent is responsible for approving and amending Group wide strategies and policies, subject to the provisions of the Independence Agreement.

All Corporate strategies and policies will be reviewed at least every 3 years and a review of the Policy Schedule will be carried out by the Parent Board every two years.

### **12.3 BENCHMARKING AND PERFORMANCE ANALYSIS**

The Association's Chief Executives shall ensure that progress reports are provided to the Parent Board on the following areas: -

- Annual Return on the Charter (or any subsequent Scottish Housing Regulator performance return) (annually)
- Analysis of Delivery Plan targets achieved (quarterly)
- Comparison of results with The Scottish Housing Regulator ratios (annually)
- Comparison of results with Association's annual budget (quarterly)
- Comparison of actual and estimated loan covenant results (quarterly)

## **13 RISK MANAGEMENT**

**13.1** The Chief Executive is responsible for the Corporate risk management plan which:

- Identifies the key risks facing the Group;
- Quantifies these risks;
- Contains strategies for managing and mitigating risks;

- Determines which Executive Management Team member is responsible for on-going monitoring; and
- Satisfies the Scottish Housing Regulator's requirements

**13.2** Executive Management Team members will monitor strategic and operational risk maps and plans which will be regularly updated and presented to Audit and Risk Committee and to the Parent Board. The Audit and Risk Committee and Subsidiary Board remits set out responsibilities around risk management.

**13.3** All staff are responsible for risk identification. Each Executive Management Team member is responsible for identifying, assessing and reporting risks to the Chief Executive

#### **14. TREASURY MANAGEMENT**

The Director of Resources is responsible for the implementation of the Treasury Management Policy. The policy covers the management of all money and capital market transactions in connection with cash and funding resources of the Association and the control of associated risks.

#### **15. EXECUTIVE MANAGEMENT TEAM**

**15.1** The duties of the Chief Executive and other Executive Management Team members are set out in full in their contracts of employment. :

#### **16. CODE OF CONDUCT**

**16.1** The Parent Board has adopted a Code of Conduct for Board Members and approved a separate Code of Conduct for employees. The Parent Board has also adopted an Entitlements, Payments and Benefits Policy. Specific employee responsibilities for maintaining registers in relation to these policy requirements are contained in Section 4 (Financial Regulations).

**16.2** The Code establishes certain limits and restrictions on actions and ensures a proper record is maintained of any activities which could potentially create a conflict of interest.

**16.3** The Performance and Governance Manager will maintain a registers of hospitality/gifts accepted or refused and a Contractor/Supplier Used Register of each Board Member, together with any declaration of interest made either by way of the annual return or during any meetings of the Board.

**16.4** The Performance and Governance Manager will maintain the register of hospitality/gifts accepted or refused which will be updated at least annually.

**16.5** The HR Manager will maintain the register of staff interests including contractor/supplier used.

**16.6** The Chair will institute investigations of an alleged breach of the Code of Conduct by Group Members. The Chief Executive (in consultation with the relevant Chair(s) or in the case of staff, will institute disciplinary procedures as required.

**17. ANTI FRAUD AND BRIBERY**

**17.1** The Director of Resources is responsible for the implementation of the Association's Anti-Fraud and Bribery policy and its review is the responsibility of the Board.

**18. REPRESENTATION ON OTHER BODIES**

**18.1** Group Members or staff members must declare membership of other similar Organisations..

**18.2** Examples of other such Organisations are :

- Housing Associations
- Committees of the Scottish Federation of Housing Associations or Employers in Voluntary Housing
- Representatives bodies such as Housing Association liaison committees

**18.3** The Parent Board will approve all Strategic Agreements with third parties (including agency agreements and partnership agreements for specific projects) including nominations and the role of any Group Board and/or employee where Group Board representation is required.

**19. HUMAN RESOURCES MATTERS**

**19.1** Human resource matters are delegated as shown in the schedule below.

**20. STATUTORY AND REGULATORY RETURNS AND REGISTERS- DELEGATED POWERS**

**20.1** Responsibility for approval and submission of statutory and regulatory returns is shown in the Governance Calendar.

**21. EQUALITY AND DIVERSITY**

**21.1** The Group is committed to work in such a way as to promote Equality and Diversity. The Group's approach to Equality and Diversity is set out in its Equality and Diversity Strategy.

**22. OPERATIONAL SERVICES**

**22.1** The Director of Operations, assisted by other members of the Operational Management Team, has overall responsibility for the provision of effective operational services including housing management, factoring, reactive and cyclical maintenance, major works investment, providing a customer contact service and community regeneration. Detailed responsibilities are set out in job descriptions.

**23. NEW BUILD DEVELOPMENT**

**23.1** The Director of Resources assisted by other members of the Development team is responsible for providing an effective development service to MHA. Day to day responsibility is delegated to the Head of Development. Detailed responsibilities are set out in job descriptions.

**24. FINANCE**

**24.1** The Director of Resources assisted by other members of the Finance Team, is responsible for providing effective Finance and Treasury Management services to the Parent and Subsidiary and in accordance with the Independence Agreement. Day to day responsibility is delegated to the Head of Finance. Detailed responsibilities are set out in job descriptions.

**25. CORPORATE SERVICES**

**25.1** The Chief Executive assisted by members of the Corporate Support Team are responsible for providing efficient Corporate Services including Human Resources, ICT, , Governance support, Corporate Planning, Regulatory engagement, Communications and PR, Health & Safety Management, Corporate Administration and Facilities Management. Day to day responsibility is delegated to the HR Manager, IT and Business Improvement Manager and Performance and Governance Manager. Detailed responsibilities are set out in job descriptions.

## **SECTION THREE – FINANCIAL REGULATIONS**

**26. GENERAL INTRODUCTION AND SAFEGUARDING ASSETS**

**AIM: TO ENSURE ALL STAFF AND GROUP MEMBERS ARE AWARE OF MHA's FINANCIAL REGULATIONS**

## **INTRODUCTION**

The management of the financial affairs of the Group shall be conducted strictly in accordance with these Financial Regulations, which provide a framework within which a reliable system of internal controls may operate.

The Parent Board, supported by its Audit and Risk Committee, is responsible for all aspects of the financial controls operated across the Group. The Parent Board is responsible for the prevention and detection of fraud.

The Chief Executive shall co-ordinate the financial processes and controls throughout the Group through the Director of Resources who shall ensure these Financial Regulations and supporting Financial Policies and Procedures are strictly observed at all times.

The Chief Executive is the final arbiter in the interpretation of these Financial Regulations in agreement with the Director of Resources.

Minor amendments to the Financial Regulations may be made from time to time to reflect new legislation or regulation, subject to the joint approval of the Chief Executive and the Director of Resources and notified to the next available Board meeting.

In implementing these Financial Regulations, the Parent Board and staff will also ensure compliance with the Scottish Housing Charter and the Scottish Housing Regulator's Regulatory Standards in regard to value for money and financial management.

## **27. SAFEGUARDING ASSETS**

All staff and Group Board Members have a general financial duty to safeguard and use MHA's assets effectively and to maximise service and maintain financial performance within service and performance standards specified, as well as for the accountability of all resources relating to their areas of responsibility.

Each member of staff with specific financial responsibilities will be provided annually with details of their budget and as required a list of the resources which are allocated to them to fulfil their role, including, building, equipment, materials, cash and stores. They will be responsible for the security and control of these allocated resources.

## **28. FINANCIAL FRAMEWORK**

**AIM: TO ENSURE THE FINANCIAL AFFAIRS OF THE ASSOCIATION ARE CONDUCTED IN A PROPERLY CONTROLLED, AUTHORISED AND ACCOUNTABLE MANNER**

### **28a RESPONSIBILITY AND PROCEDURES**



The Director of Resources is responsible for the proper administration of the Group's financial affairs. All accounting procedures and the style and content of all books and records will be determined in accordance with the requirement of statutory and regulatory agencies and best financial practice and incorporate sound principles of internal control.

Appropriate financial controls will be set and reviewed as necessary by the Director of Resources and Head of Finance.

The Director of Resources will report, at least annually, to the Audit and Risk Committee and the Board, on the Group's framework of internal controls, and the reliance which can be placed upon it in approving the annual financial statements.

The following principles will be observed as far as possible in the allocation of accounting duties in order to ensure that a proper segregation of duties exists:

- The duties of providing information about monies due to and from the Association and Subsidiary and the calculating, checking or recording of these sums will be separate from the duty of collecting or paying them.
- Staff charged with the duty of examining and checking amounts of cash transactions will not themselves be engaged in any of these transactions.

The role and authority of the Director of Resources and the efficiency of reporting lines by finance department staff are vital in ensuring income is maximised and its expenditure is controlled/monitored in a manner consistent with the MHA's statutory and regulatory obligations and responsibilities to the Audit and Risk Committee.

The general principles which guide the Director of Resources' prime responsibilities on income and expenditure respectively, are to determine, and ensure with the other members of the Executive Management Team:

- strict compliance with, procedures for collecting and securing the safe custody of the money of the Board and Subsidiary; and
- the Organisation's corporate ordering systems, ensuring that budget authority levels, the Organisation's expectations on goods/service qualities etc., official order process, financial commitments and payment procedures are adhered to and maintained.

Whilst the Director of Resources has overall executive responsibility for all areas of the finance function, as day to day operational issues relating to income and expenditure vary through a wide range of matters from routine (e.g. invoices, reconciliation, information –gathering etc.) to major (e.g. designating Executive Management Team budget levels, determining policy and procedures etc.), most are delegated to officers and assistants through the Head of Finance. The management team is responsible for ensuring that their staff are aware of, and are trained in,

their roles and responsibilities in relation to the financial management of the Association.

## **28b BOOKS AND RECORDS**

The Chief Executive Director of Resources will ensure the following books and records are maintained:-

- Nominal Ledger;
- Purchase Ledger;
- Petty Cash records;
- Journal Records;
- Payroll Records;
- Fraud register;
- Contracts register
- Registers of properties and other fixed assets

The Chief Executive will ensure the following records are maintained:

- Disposals register
- Registers of members and changes;
- Register of interests, payments and benefits/hospitality register;
- Minutes of General, Board, Committee and Subsidiary Board meetings;

These records will be updated at least monthly and retained in accordance with the MHA's document retention policy, regulatory and statutory requirements and the needs of HM Revenue and Customs.

All information held on computer shall be stored securely. It is the responsibility of the Business Improvement and IT manager to ensure that this task is undertaken.

In conducting its operations, the Association shall comply with all aspects of the Data Protection Act.

## **28c PROPERTY AND OTHER FIXED ASSET REGISTERS**

All properties owned or leased shall be recorded on the SDM Rents and Housing Management module, or manually with all relevant information including:-

- Full postal addresses;
- Location;
- Extent and plan reference (where available);
- The owner;
- The nature of the Group's interest;

- Purchase details; and
- Details of any charges.

All documents (title deeds, share certificates, etc.) when not held by a funder or as security for borrowing, must be stored in secure locations, with solicitors as approved by Chief Executive. A title deeds register, incorporating a record of the location of the individual documents, shall be kept by the Director of Resources.

Details of all plant, machinery, vehicles, furniture, fittings and other capital equipment owned or leased with a life expectancy exceeding one year, shall be recorded in the fixed asset register, maintained in a format approved by the Director of Resources and Head of Finance. Each member of the Senior Management Team, working with the Head of Finance, will ensure that the appropriate fixed asset register:

- Contains all relevant items, their cost, the depreciation policy applied, their acquisition and disposal date where known, which, within their areas of responsibility, are checked at least annually prior to the annual external audit and this is confirmed to the Director of Resources;
- Action is taken; and amendments made, to reconcile discrepancies between the items and the register entries;
- All assets are properly maintained and kept in good working order, by individual staff members nominated for that purpose;
- Loss of, or damages to, any assets is reported to them immediately, if necessary, referring to an insurance claim, and details forwarded to the Director of Resources; and
- Except in the course of the Organisation's business or use, no asset should be disposed of, without written authority from the Executive Management Team member responsible for the specific asset in question.

The Association's approach to depreciation for fixed and other assets is set out in the Association's Capital Policy developed by the Director of Resources and Head of Finance, and approved by the Board.

Items to be written off (e.g. rent and factoring charges) shall be reported to the Executive Management Team and the Board for approval.

Disposal of land and buildings must only take place with the authorisation of the Board and subject to regulatory body consent.

Details of any asset/equipment disposals, including details of sums received (if applicable), shall be reported in the year-end financial statements.

## **28d ACCOUNTING**

The Director of Resources, in consultation with the Chief Executive, is responsible for proposing to the Parent

Board the accounting policies to be adopted across the Group and determining procedures. These will be based on statute, the Statement of Recommended Practice (SORP), Accounting Standards, best practice and other current guidance.

The Director of Resources will report any proposed changes to the Parent Board, illustrating the effect of the proposed changes on the relevant Board's income and expenditure account, and/or balance sheet and lenders covenants, as may be appropriate.

The format of the Association's financial records shall be determined by the Association's Director of Resources in consultation with the Chief Executive and must take account of audit requirements, good practice and current guidance.

The allocation of accounting duties should ensure segregation of duties and records should be regularly updated.

All accounting policies of the Association shall be contained within the annual financial statements and shall be reviewed annually.

The association is required by law to retain prime documents. These are set out in the Group's Retention schedule.

## **28e FINANCIAL PLANNING**

The Executive Management team will prepare and annually review the group Business Plan for presentation to the Parent Board for approval, providing the key financial information, assumptions and ratios for at least the period of any current loan facility available to the Subsidiary or as required by the Regulator.

The financial plans for the Subsidiary must be presented for approval by its respective Board, subject to the overall approval of the Business Plans by the Parent Board.

Each Business Plan must be accompanied by a financial sensitivity analysis showing the effects of changes in internal and external variable factors.

The Business Plans should, where required by the funding conditions, be approved by the relevant lenders in line with the required timescales.

## **28f FINANCIAL YEAR**

The financial year for all organisations within the Group will run from 1st April to 31st March.

## **28g ANNUAL BUDGETS**

The Executive Management Team will prepare an annual revenue budget and an annual capital budget to act as control documents for the monitoring of financial performance.

These budgets will be presented to the Board for approval, together with details of the overheads and the consolidated positions for the Group, and to the Parent Board for final approval.

The Board of the Subsidiary is able to authorise expenditure on items permitted within its Memorandum and Articles, as it determines within its resources, approved budgets, the Independence Agreement and any applicable funding constraints.

## **28h REPORTING CONTROL AND MONITORING**

It is the responsibility of the Parent Board, through the Executive Management Team and authorised cost centre managers, to control and monitor the financial performance of the Group.

This will be achieved through cost centre management information to budget holders and management accounts to the Executive Management Team and Board. The Executive Management Team will report to Audit and Risk Committee and the Parent Board, a quarterly consolidated set of accounts, giving detailed written explanation for material variations where actual performance or forecasts for the financial year exceed the relevant budget approvals or are projected to result in a significant underspend. In addition, the effect of likely future events on the financial position should be contained within the quarterly management accounts together with details of the projected financial position of the Association at the year-end.

The Association shall prepare and submit 5-year budgets to The Scottish Housing Regulator in the prescribed format and within relevant timescales and approved by the Parent Board annually in accordance with existing guidance from the Regulator and as required by any of our lending financial covenants.

## **28i CASH FLOW**

The Executive Management Team shall undertake a review of its long-term projections on an annual basis in order to ensure that the projected annual position remains on target with 30-year cash flow projections, and present this to the Parent Board for approval. The Executive Management Team will also undertake a review of its long term financial projections prior to approval of any new developments or other major projects, in order to ensure the projected annual position remains on target with the 30 year cash flow projections. Appropriate sensitivity analysis must be applied to the long-term projections with details being incorporated into the Business Plan.

Detailed responsibilities around cash flow management are set out in the Director of Resources' job description and

the Delegations Schedule below.

**28j WRITTEN PROCEDURES**

The Head of Finance will provide written procedure notes to assist members of staff throughout the Organisation to carry out their financial duties.

**29. BUDGETS, BUDGETARY CONTROL AND VIREMENT**

**AIM: TO ENSURE THAT THE REVENUE BUDGETS, DEVELOPMENT COSTS AND OTHER FIXED ASSET BUDGETS FOR MHA AND ITS SUBSIDIARY ARE PROPERLY COMPILED, AUTHORISED, MONITORED AND REPORTED.**

**29a ANNUAL REVENUE BUDGET**

The annual revenue budgets for the Group are generally the income which is expected to be received in the way of rent and fees and the related expenditure on staff, goods and services, which are consumed within, or relate to, the financial year in question.

The Head of Finance is responsible for establishing a framework and timetable for setting budgets, the key assumptions to be utilised and any financial constraints in order to ensure compliance with the Corporate Plan, Business Plan and funders' requirements. The draft and final budgets will be accompanied by the income and expenditure accounts, projected balance sheet, cash flow projections, monthly income and expenditure projection details, appropriate ratio analysis and a summary commentary.

The Board should review the main Business Plan assumptions, as part of the budget setting process, and agree any financial constraints to be applied.

The revenue budgets will usually reflect the relevant year of the latest approved Business Plan for the Organisation.

MHA operates a devolved budgetary system. It is the responsibility of individual cost centre managers, assisted by the finance team, to compile and submit to the Head of Finance budgetary estimates in an agreed form, within the set timetable.

The revenue budgets will be compiled by the Head of Finance, in consultation with the Executive Management Team, and will initially be scrutinised at an Executive Management Team meeting before any drafts are circulated to the Board for consideration.

The Board of the Association and the Subsidiary will be given a draft outline budget and details of the key

assumptions utilised, in order to allow its input into setting the priorities for expenditure. The Board can determine, in accordance with its Rules or Memorandum and Articles (whichever applies), the Independence Agreement and any constraints imposed by lenders, how it wishes to utilise any surplus that it has generated.

The final version of each organisation's revenue budget should be approved by that Board subject to the overall budget of the Parent Board.

The final revenue budget for all organisations within Group should be approved by the Parent Board prior to the start of the relevant financial year, and each cost centre manager provided with a profiled budget for each of their areas of responsibility.

Receipt of the approved profiled budget is the authority to cost centre managers to utilise those resources, as far as required, to provide the agreed level of services, procured in accordance with the Association's Sustainable Procurement Policy.

## **29b DEVELOPMENT COSTS**

The Director of Resources is responsible for the preparation of development budgets, which delivers the objectives established in the Corporate Plan and the Development Policy.

The development plans and proposed budgets for each areas of operation will be reported to the Board before the start of each financial year to allow the impact on the revenue streams for the organisation to be determined.

All development capital spend will be recorded in development spreadsheets, and updated on a monthly basis, to allow regular monitoring of both performance measures and funding requirements.

Development projects (on site and/or proposed) will be reported to the Parent Board on a quarterly basis, identifying if there are any major variations in the actual or anticipated levels of income or expenditure, and showing the margin available within current funding facilities.

Decisions around development are set out in the Delegations Schedule below.

The outturn of each development must be reported to the Parent Board within six months of the later of, the date of practical completion of the scheme, or the date of sale of the initial tranche of the last property.

## **29c INVESTMENT IN HOUSING PROPERTIES**

The Director of Operations is responsible for the preparation of budgets for investment in housing properties which deliver the objectives approved in the Corporate Plan and Asset Management Strategy. The Investment Budget is

approved by the Parent Board as part of the Corporate Planning process.

Progress on delivery of the Investment programme is reported to the Executive Management Team and Parent Board quarterly, identifying major variations in actual or anticipated expenditure.

#### **29d OTHER FIXED ASSET BUDGETS**

As part of the annual budget setting process, other fixed asset budgets will be established to meet the anticipated investment required in other fixed assets, including:

- Additional office accommodation;
- Major works or improvements to offices;
- IT hardware and software;
- Office fixtures and fittings; and
- Plant and machinery.

#### **29e BUDGETARY CONTROL**

The annual budget forms the main framework for financial monitoring and control, and reports on actual performance compared to budget and estimated outturns for the financial year will be agreed by each cost centre manager and the Head of Finance monthly.

The Director of Resources is responsible for establishing and maintaining an effective and efficient budgetary control system for the Group.

Responsibility for income collection and expenditure will be delegated to cost centre managers approved by the Executive Management Team. Cost centre managers staff cannot commit expenditure exceeding the approved annual budget provision for any budget line without the express approval of the Parent or Subsidiary Board, unless it is an emergency covered in section 12, or permitted by virement (see 31e below).

The Director of Resources is responsible to the Chief Executive and the Boards for monitoring budgetary performance. The Director of Resources and Head of Finance shall have authority to seek such information, documentation and explanation from any member of staff they shall reasonably require, in relation to any budgetary matter, including actual or potential overspend and under recoveries of income. These shall be reported to the Chief Executive and the Boards.

The Director of Resources will keep the Parent and Subsidiary Boards advised of budgetary performance for their areas of operation, and provide detailed management accounts and explanations of variances on at least a



quarterly basis.

## **29f VIREMENT**

Cost centre managers shall not exceed their overall budget allocation. However, it is recognised that situations may arise where savings under one budget heading may be required to fund additional costs under another heading (virement). In such situations, the Chief Executive may authorise this, subject to the restrictions set out as follows:

- The original budget will continue to be used for budgetary control reports with virement noted with a clear explanation in the management accounts and forecast outturn reports.
- Control measures are in place to ensure an audit trail around such decisions.

## **29g UNBUDGETED EXPENDITURE NOT MET BY VIREMENT**

Situations may arise where unbudgeted expenditure may not be met by virement. Specific control measures are in place to ensure an audit trail around such decisions. Decisions to commit this expenditure are set out in the Delegations Schedule below.

## **30. FINANCIAL STATEMENTS**

**AIM: TO ENSURE THE FINANCIAL STATEMENTS ARE PROPERLY PREPARED AND SUPPORTED BY WORKING PAPERS AND ANALYSIS, COMPLY WITH BEST PRACTICE AND ARE FILED IN ACCORDANCE WITH STATUTORY AND REGULATORY REQUIREMENTS**

The Director of Resources will arrange a timetable to ensure that the draft accounts are considered by the Boards within six months of the end of the financial year, ready for adoption by the Annual General Meeting.

The Financial Statements of the Group will be subject to an independent external audit review.

The Financial Statements will be supported by paper or electronic working papers sufficient for external audit purposes, which provide the analysis of all values reported on the balance sheet of the Group and sufficient analysis of the income and expenditure entries to support tax and other returns. These working papers will be retained for a period of six years. A number of documents should be kept permanently such as signed loan agreements and offers of grant. All other documents will be retained per MHA's Retention Schedule.

Financial Statements will be filed with regulatory bodies, and funders in accordance with the timescales defined by those bodies.

## **31. AUDIT AND TAXATION**

**AIM: TO ENSURE THAT SUITABLE EXTERNAL REVIEW IS UNDERTAKEN OF THE ASSOCIATION'S SYSTEMS AND PROCESSES TO REASSURE THE BOARD AND EXTERNAL STAKEHOLDERS, INCLUDING THE SCOTTISH HOUSING REGULATOR AND FUNDERS, OF THE POSITION REPORTED WITHIN THE FINANCIAL STATEMENTS AND OTHER INFORMATION PUBLISHED.**

The external and internal auditors, Chief Executive, Director of Resources, Head of Finance and their authorised representatives have authority to:-

- Access all assets, records, documents and correspondence and cash sums relating to any financial or other transactions of the Group;
- Require and receive such explanation as they consider necessary concerning any matter(s) under examination;
- Require any member of staff to produce, cash, stores, or any other property under their control which belongs to MHA or its Subsidiary; and
- Access records belonging to any third parties, such as contractors, as required.

### **31a EXTERNAL AUDIT**

The Group's external audit requirements will be tendered to suitably qualified firms in line with the Sustainable Procurement Policy and Toolkit. The role of the external auditors must be clearly detailed in an Engagement Letter which shall be reviewed. Detailed responsibilities around external audit are set out in the job descriptions of the Director of Resources and the Head of Finance and the Delegations Schedule below.

### **31b INTERNAL AUDIT**

The Parent Board is responsible for instituting adequate systems of internal control. This responsibility is fulfilled in part by the reassurance provided by the internal audit function which reports directly to the Audit and Risk Committee. Detailed responsibilities around internal audit are set out in the job description of the Director of Resources and the Audit and Risk Committee remit.

### **31c OTHER AUDITS AND REVIEWS**

The Group's Boards or Committees may appoint any firm to undertake any additional audit or review (within their relevant remits), whether required by a regulatory authority or not, to investigate more fully any area of concern that they have identified, who will report directly to the relevant Board/Committee.

### **31d TAXATION**

The Director of Resources will be responsible for liaison with HM Revenue and Customs and compliance with legislation and guidance in respect of all matters in relation to direct and indirect taxation and advising Executive Management Team and Boards and issuing instructions to staff.

Detailed responsibilities around taxation can be found in the job descriptions of the Director of Resources and Head of Finance.

### **32. INSURANCE**

The Parent Board will procure insurance cover to protect the assets of the Group against significant loss. Detailed responsibilities around insurance can be found in the job descriptions of the Director of Resources, Head of Finance and other managers and the Delegations Schedule below.

### **33. WARRANTIES AND INDEMNITIES**

No warranties or indemnities will be given to any third party without the specific approval of the Parent Board and after consultation with the Chief Executive and the Group's legal advisors.

### **34. BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING**

The Chief Executive will review every three years the Business Continuity and Disaster Recovery Plan to be applied in case of loss of a MHA office, IT system, or significant service provision to residents.

### **35. SECURITY PROCEDURES**

Safety procedures are set out in the Association's Health and Safety Policy and Organisational and Landlord Health and Safety Manuals. Detailed responsibilities around Health and Safety are set in the job descriptions of all staff.

### **36. CASH AND BANK**

**AIM: TO ENSURE ALL BANK ACCOUNTS, RECEIPTS OF FUNDS AND PETTY CASH BALANCES ARE PROPERLY CONTROLLED AND ALL WITHDRAWALS ARE APPROPRIATLY AUTHORISED.**

### **36a BANKING ARRANGEMENTS**

MHA's banking arrangements will be approved by the Parent Board, and may include separate financial institutions for different parts of the Group's requirements. All arrangements with MHA's bankers shall be made by, or under

arrangement approved by, the Director of Resources.

Bank accounts held by the Association, details of authorised signatories and cheque signing details are contained within the Association's detailed financial procedures.

The Boards will delegate to the Executive Management Team authority to sign cheques, payment requests, standing orders and direct debit mandates, payable from the relevant bank accounts. Details around this are set out in the Delegations Schedule below.

All blank cheques and cheque books shall only be ordered on the authority of an authorised signatory, should be sequentially numbered and kept in a safe or similar secure location until required. The Director of Resources shall ensure arrangements are in place for the safe custody of all banking documents including cheques.

The Director of Resources will ensure all bank accounts are reconciled to the relevant books of account on a monthly basis, reviewed and signed as reviewed. Procedures are in place for banking, handling cash and authorising cheques and BACS payments.

Draw down of loans and HAG is the responsibility of the Director of Resources who will delegate authority to the relevant officer responsible for the project.

### **36b PETTY CASH**

All petty cash floats are to be held only for the purposes of making small disbursements and paying properly authorised expenses, and not for salary or wage payments. The requirement and level of the drawdown balance will be determined by the Head of Finance, in conjunction with the manager for whom the drawdown has been created, after considering expense flows, security and insurance considerations.

Detailed procedures are in place for the management of petty cash.

### **36c CREDIT CARDS**

MHA operates Corporate credit cards held Corporately, in the name of the CEO, the two Directors and one additional card. The cards will only be used to make authorised payments in accordance with MHA policy and following the Delegations Schedule and credit card procedures. Credit card payments made by staff (other than the CEO and Directors) must be approved in advance. Credit card payments made by the CEO and Directors can be made as necessary with authorisation after the event. All vouchers relating to payments must be checked and retained by the relevant member of staff and the invoice authorisation procedure will be adhered to.

The statement for the Chief Executive will be signed by the Chair, or in their absence, the Director of Resources.

### **36d FUNDS FOR OWNERS' PLANNED MAINTENANCE**

Where funds are held on behalf of residents, those sums which are held to cover longer term requirements, mainly funds for future maintenance, will be recorded separately, and clearly refer to the relevant property or respective customer group in the name of the accounts.

Amounts may only be withdrawn from these accounts, if supported by properly authorised invoices and if there are sufficient cleared funds available.

### **36e INCOME**

**AIM: TO MAXIMISE INCOME BY COLLECTING ALL AMOUNTS DUE PROMPTLY AND TO ENSURE RENTS ARE REVIEWED ANNUALLY TAKING ACCOUNT OF THE NEEDS OF THE BUSINESS AND REGULATORY REQUIREMENTS**

#### **SAFEGAURDS AGAINST LOSS OF INCOME**

Safeguards against loss of income are:

Prompt action on:-

- Claims for all grants, subsidies and allowances from Glasgow City Council and other grant making bodies;
- Tax returns;
- Registration of rents with the rent office and follow up;
- Issue of rent increase notices;
- Action on debt recovery;
- Rent and service charge reviews;
- Chasing sales completion proceeds, and
- Good accounting procedures and internal controls.

All sums received must be promptly banked intact.

#### **COMPENSATION CLAIMS**

The Chief Executive has delegated authority to approve claims against and claims from contractors and consultants as set out in the Delegations Schedule.

## **36f COLLECTION SYSTEMS AND NOTIFICATION OF SUMS DUE**

The Executive Management Team is responsible for the collection, and the approval of all systems of collection, in relation to all sums due to any Board.

### **Rents, Factoring Payments, Commercial Letting Payments, Radio Mast and Hoardings & Wayleaves income and Service Charges**

The main forms of income are for rents, factoring management charges and service charges due from residents. Procedures for the collection of rents, service charges and the management of arrears are set out in the rent collection and arrears policy and will be reviewed regularly to monitor effectiveness.

### **Housing Association Grant and Other Grants**

The Executive Management Team will ensure applications for Social Housing Grant and other capital and revenue grants are submitted timeously to ensure receipt of funds prior to payment wherever possible. The Head of Finance will be advised of the amount claimed and the likely date of receipt. This will be monitored through the cash flow forecasting process. Invoices for development contracts shall be issued timeously and details of any arrears will be reported quarterly to the Parent Board unless delegated to the Subsidiary Board under the terms of a Scheme Agreement.

### **Sales Proceeds**

The Operational teams will advise the Director of Resources, following exchange of contracts for the sale of any property, the agreed completion date and anticipated value of the sale proceeds due. This will be monitored through the cash flow forecasting process.

### **Sundry Debtors and Other Income**

Where goods and services, other than normal common repairs to owners' properties are to be recharged, Executive Management Team members are responsible for ensuring that written evidence of liability, sufficient to prove the debt, or full payment, is obtained prior to the supply or commencement of the works, or that the action is reasonable in the circumstances in accordance with policies including the rechargeable repair policy. Sundry debts and other sums due and outstanding including insurance claims will be summarised as part of the quarterly management accounts. All procedural documents shall include information on debtor control including the basis for collection, monitoring and reporting sums due.

### **Non-recovery of Costs**

Where expenditure is excluded from a property service charge calculation, a full reason must be documented and authorised by the relevant Director.

### **Sales Invoices**

Where a recharge is to be made or any other substantial income collected, then a sales invoice request form should be prepared and forwarded to the Finance Team, following authorisation by a cost centre manager. All credit note requests must be signed by a member of the Executive Management Team.

### **Responsibility for Debtors control within the Association is as follows:-**

- Rent Arrears – Housing Officer for patch
- Factoring Arrears – Factoring Manager
- Insurance Claims outstanding – Head of Finance
- Re-Chargeable Repairs – Housing Office for patch
- HAG Claims outstanding – Director of Resources
- All other sums due – Head of Finance

Quarterly Management Accounts shall detail separately, within the Debtors analysis, relevant sums due under each category.

## **36g COLLECTION OF CASH AND BANKING**

Whenever the receipt of income is a regular occurrence, then staff should where possible establish one of the following methods:-

- Direct Debits
- Bank Standing Order
- Swipe card (AllPay or similar)

Detailed procedures are in place around cash and banking.

## **36h CREDIT CONTROL AND DEBT WRITE OFF (INCLUDING RENT ARREARS AND OTHER SUNDRY DEBT BALANCES)**

The arrears of rent, factoring fees, service charges and rechargeable repairs will be calculated on a monthly basis and made available to the Executive Management Team.

The Director of Operations will report to the Parent Board, at least quarterly, the level of rent, factoring arrears, service charge arrears and rechargeable repair arrears.

Rent, service, factoring and rechargeable repair arrears, will be pursued in accordance with the rent collection and arrears recovery policies and related procedures and court procedures will only be instigated where other options have been unsuccessful.

Sundry and other debtors will be provided with a statement/reminder one month after the date of the initial invoice, and if payment is not received within a further two months, the originator of the sales invoice request will consider what further action is required, including the use of debt collection agencies.

All write offs require parent Board approval.

No amount of a current tenant's arrears will normally be written off, unless insolvency actions have been agreed.

No former tenant or sundry debtor balance will be written off until all action for its recovery has ceased.

Even where a former tenant balance has been written off in accordance with these regulations, a record will be retained and the debt pursued if the person approaches MHA for accommodation at a later date or MHA is advised of a significant change in their circumstances.

### **36i TENANT ACCOUNT ADJUSTMENTS**

All adjustments to tenants' accounts must be supported by an appropriate form signed by the originator.

### **36j TENANT REFUNDS**

All refunds made to tenants must be checked by the relevant Housing Officer and authorised by one of the Housing Managers.

### **36k RENT SETTING**

All rents on MHA's or Subsidiary owned properties will be determined by the Board following tenant consultation and consideration of any regulatory or statutory requirements.

### **37 SALARIES, WAGES, PENSIONS AND EXPENSES**

**AIM: TO ENSURE THAT ALL PAYMENTS ARE TO BONE FIDE EMPLOYEES, HM REVENUE AND CUSTOMS, THE PENSION TRUST AND OTHER AUTHORISED BODIES AND MADE ON THE DUE DATE.**



**37a PAYMENT OF SALARIES, WAGES, PENSIONS AND OTHER DEDUCTIONS**

The Chief Executive and Director of Resources are responsible for ensuring that there are appropriate arrangements in place for the calculation and payment of full, part time and casual salaries, overtime, other services rendered, pensions (including the annual returns) and other deductions, including appropriate segregation of duties and making sure accurate payments are made.

Detailed procedures are in place for the management of payroll. Decisions around pay, terms and conditions and changes to the permanent and temporary staffing establishment are set out in the Delegations Schedule.

**37b TRAVELLING, SUBSISTENCE, ACCOMMODATION AND OTHER EXPENSES**

Decisions around allowances and expenses are set out in the Delegations Schedule.

**37c PAYMENT OF BOARD REMUNERATION AND EXPENSES**

Payments will be made in accordance with MHA's current Board expenses policy.

**38 AUTHORISED SIGNATORIES AND CHEQUE SIGNATORIES**

The Parent Board reviews and approves the list of authorised signatories at least annually. The Parent Board also approves an authorised list for cheque signatories.

**39 EXPENDITURE AUTHORISATIONS AND PROCUREMENT**

The Parent Board approves budgets prior to the beginning of the financial year and relevant staff members have delegated authority to spend within these budgets. In addition, relevant staff have authority to spend within agreed Scottish Government and Glasgow City Council approvals on new build development and capital projects that have also been approved by the Board as part of the business planning, annual budgeting process and in accordance with the Board approval stages set out in the Development Policy

The expenditure authorisations are set out in the Association's Delegations Schedule.

## Appendix A: Maryhill Housing Delegation schedule

The table below shows the decisions or approvals that have been retained at Board level and those below Board level that have been delegated down to different levels within the Association. The next levels up can always approve in the absence of the designated tier. **Before any decisions are made the Scottish Housing Regulator's Notifiable Event Guidance should be checked and relevant notifications submitted.**

Business area	SHR/other regulators/lenders	Board	Committee/Panel	CEO/Secretary	Directors	Head of Service	Other Managers
<b>Governance</b>	<p><b>SHR notifiable event:</b></p> <ul style="list-style-type: none"> <li>Removal of governing body members</li> <li>Changes to rules (follow process as per SHR specific rule change guidance)</li> </ul> <p><b>Lenders (RBS). Prior notification of:</b></p> <ul style="list-style-type: none"> <li>Rule changes</li> <li>Standing orders changes</li> </ul> <p><b>FCA:</b></p> <ul style="list-style-type: none"> <li>Consent required for rule changes</li> </ul> <p><b>OSCR:</b></p> <ul style="list-style-type: none"> <li>Require notification of rule changes</li> </ul>	<ul style="list-style-type: none"> <li>Approval of Corporate Business Plan</li> <li>Approval of Standing Orders</li> <li>Appointment of office bearers</li> <li>Approval of Committee remits</li> <li>Approval of applications for membership</li> <li>Appoint co-optees to the Board</li> <li>Filling casual Board vacancies</li> <li>Removal of Board members in specific circumstances set out in the Rules</li> <li>Submission of notifiable events concerning the CEO</li> <li>Regulatory returns as per Governance Calendar</li> </ul> <p><b>AGM/SGM:</b></p> <ul style="list-style-type: none"> <li>Appointment of external auditors</li> <li>Approval of rules (lenders)</li> <li>Election of Board members</li> <li>Removal of Board members for issues of conduct</li> </ul>		<p><b>As Secretary:</b></p> <ul style="list-style-type: none"> <li>Calling AGM or SGM meetings</li> <li>Ensuring the keeping of minutes, books and records</li> <li>Ensuring compliance with the Rules</li> <li>Regulatory returns as per Governance Calendar</li> </ul>	<ul style="list-style-type: none"> <li>Submission of notifiable events not concerning the CEO</li> <li>Regulatory returns as per Governance Calendar</li> </ul>	<p><b>All:</b></p> <ul style="list-style-type: none"> <li>Regulatory returns as per Governance Calendar.</li> </ul>	<p><b>Performance and Governance Manager:</b></p> <ul style="list-style-type: none"> <li>Manage memberships</li> <li>Manage register of Board members</li> <li>Manage Board performance reviews</li> <li>Submission of regulatory returns</li> <li>Submission of notifiable events not concerning the CEO</li> <li>Regulatory returns as per Governance Calendar.</li> </ul>
<b>Operational Management</b>				<ul style="list-style-type: none"> <li>All operational management</li> </ul>	<ul style="list-style-type: none"> <li>Decision to close services in adverse weather or other emergency situations</li> <li>Operational management as per job descriptions</li> </ul>	<p><b>All:</b></p> <ul style="list-style-type: none"> <li>Operational management as per job descriptions</li> </ul>	<p><b>All:</b></p> <ul style="list-style-type: none"> <li>Operational management as per job descriptions</li> </ul>
<b>Finance and risk</b>	<p><b>SHR notifiable event:</b></p> <ul style="list-style-type: none"> <li>Granting new securities</li> </ul>	<ul style="list-style-type: none"> <li>Approval of authorised signatories</li> <li>Approval of annual budget, 5 year financial projections &amp; 30 year financial projections</li> <li>Approval of financial statements</li> <li>Annual review of Treasury arrangements</li> <li>Approval of new loan terms</li> <li>Approving granting of securities</li> <li>Approval of internal audit programme</li> <li>Writing off irrecoverable debt</li> <li>Writing back unrefundable credits</li> <li>Approval to commit unbudgeted expenditure which cannot be met by virement over £100k</li> <li>Approval of the use of an overdraft facility over £500k</li> <li>Approval of settling claims from</li> </ul>		<ul style="list-style-type: none"> <li>Approval of unbudgeted expenditure which cannot be met by virement up to £100k</li> <li>Approval of virements between budget headings</li> <li>Settling claims from third parties up to £10k</li> </ul>	<ul style="list-style-type: none"> <li>Approval to commit unbudgeted expenditure which cannot be met by virement up to £25k</li> <li>Approval of the use of an overdraft facility up to £500k</li> <li>Ensuring effective insurance arrangements in place</li> </ul>	<p><b>Head of Finance:</b></p> <ul style="list-style-type: none"> <li>Decision to write off (dispose of) assets, such as equipment.</li> </ul>	

		third parties over £10k					
<b>Committing expenditure (procurement) within budget</b>		<ul style="list-style-type: none"> <li>Refer to procurement policy/toolkit</li> </ul>		<ul style="list-style-type: none"> <li>Refer to procurement policy/toolkit</li> </ul>	<ul style="list-style-type: none"> <li>Refer to procurement policy/toolkit</li> </ul>	<ul style="list-style-type: none"> <li>Refer to procurement policy/toolkit</li> </ul>	<ul style="list-style-type: none"> <li>Refer to procurement policy/toolkit</li> </ul>
<b>Approving invoices</b>		<ul style="list-style-type: none"> <li>Refer to Invoice Approval schedule at Appendix B</li> </ul>		<ul style="list-style-type: none"> <li>Refer to Invoice Approval schedule at Appendix B</li> </ul>	<ul style="list-style-type: none"> <li>Refer to Invoice Approval schedule at Appendix B</li> </ul>	<ul style="list-style-type: none"> <li>Refer to Invoice Approval schedule at Appendix B</li> </ul>	<ul style="list-style-type: none"> <li>Refer to Invoice Approval schedule at Appendix B</li> </ul>
<b>Bank account payment transactions</b>				<ul style="list-style-type: none"> <li>Salary approvals</li> </ul>	<ul style="list-style-type: none"> <li>All other payments: 2 authorised signatories (CEO, Directors, Head of Finance)</li> </ul>	<ul style="list-style-type: none"> <li>All other payments: 2 authorised signatories (CEO, Directors, Head of Finance)</li> </ul>	
<b>Press/media</b>	<b>SHR notifiable event:</b> <ul style="list-style-type: none"> <li>Serious or significant adverse media reports</li> </ul>	<ul style="list-style-type: none"> <li>Notification of negative press</li> </ul>			<ul style="list-style-type: none"> <li>Management of potentially negative press coverage</li> </ul>		<b>All:</b> <ul style="list-style-type: none"> <li>Management of positive press coverage</li> </ul>
<b>Human Resources</b>	<b>SHR notifiable event</b> <ul style="list-style-type: none"> <li>Resignation or dismissal of the CEO</li> <li>Senior team restructure</li> <li>Settlement agreements issued</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of Executive Team (with CEO)</li> <li>Approving overall permanent staffing structure including proposed changes for consultation</li> <li>Grievance and disciplinary action against the CEO</li> <li>Changes to pension provisions</li> </ul> <b>EVH:</b> <ul style="list-style-type: none"> <li>Employment Ts and Cs</li> <li>Individual salary reviews</li> <li>Appeals against disciplinary and grievance decisions to joint negotiating committee</li> </ul>	<b>Staffing Panel:</b> <ul style="list-style-type: none"> <li>Grievance and disciplinary issues at EVH stage 3.</li> </ul>	<ul style="list-style-type: none"> <li>Signing of settlement agreements</li> </ul>	<ul style="list-style-type: none"> <li>Signing of settlement agreements</li> <li>Approval of temporary increases/decreases in staffing resources including extension of temporary contracts</li> <li>Approval of non-Neighbourhood Team and retirement housing officers overtime and absence cover</li> </ul>		<b>All:</b> <ul style="list-style-type: none"> <li>Grievance and Disciplinary issues at EVH stages 1 and 2.</li> <li>Signing off expense claims of staff who report to them in line management structure</li> </ul> <b>Neighbourhood Team Leaders:</b> <ul style="list-style-type: none"> <li>Approval of Neighbourhood Team overtime</li> </ul> <b>Supervising housing officers:</b> <ul style="list-style-type: none"> <li>Approval of retirement housing officer cover on agreed public holidays.</li> </ul>
<b>Housing management and factoring</b>		<ul style="list-style-type: none"> <li>Approval of rents, charges and factoring charges</li> <li>Allocation of a tenancy to someone related to a member of staff or Board member (chair in emergency situations)</li> </ul>			<ul style="list-style-type: none"> <li>Approval of an evictions (two Directors/CEO)</li> <li>Approval of the decision not to recover chargeable factoring costs</li> <li>Approval to purchase property (within budget)</li> </ul>	<b>Head of Housing:</b> <ul style="list-style-type: none"> <li>Management transfers/special lets</li> <li>Raising legal action against a tenancy</li> <li>Issuing court instructions</li> <li>Demotion of tenancy from SST to SSST.</li> </ul> Factoring Manager: <ul style="list-style-type: none"> <li>Raising legal action against an owner</li> </ul>	<b>Housing Managers:</b> <ul style="list-style-type: none"> <li>Refusal of a section 5 referral</li> <li>Decision to suspend a housing application</li> <li>Decision to issue tenant refunds</li> </ul>
<b>New Build Development</b>		<ul style="list-style-type: none"> <li>Approval to proceed with new development (at each stage as per Development Policy)</li> </ul>			<ul style="list-style-type: none"> <li>Negotiation and approval of offers of Housing Association Grant</li> </ul>	<b>Head of Development:</b> <ul style="list-style-type: none"> <li>Delivering stages of development as approved by the Board</li> <li>Agreeing development scheme variations</li> </ul>	
<b>Community Regeneration</b>					<ul style="list-style-type: none"> <li>Approval of external grant applications</li> </ul>		

<b>Disposals and granting leases</b>	<b>SHR notifiable event:</b> <ul style="list-style-type: none"> <li>• Sale of tenanted social housing</li> <li>• Sale of any asset over £120k</li> <li>• Changes to the Leasing Properties Policy</li> <li>• Leases for renewable energy generation or telecoms masts</li> <li>• Leases of residential property for market or mid-market rent</li> <li>• Other disposals as per regulatory Notifiable Events Guidance</li> </ul>	<ul style="list-style-type: none"> <li>• As per Leasing Properties Policy</li> <li>• As per Disposals Policy</li> </ul>			<ul style="list-style-type: none"> <li>• Approval of terms and signing of leases unless Board required due to regulatory requirement</li> </ul>		
<b>Policies</b>		<ul style="list-style-type: none"> <li>• As per Policy schedule</li> </ul>	<ul style="list-style-type: none"> <li>• As per Policy schedule</li> </ul>	<ul style="list-style-type: none"> <li>• As per Policy schedule</li> </ul>	<ul style="list-style-type: none"> <li>• As per Policy schedule</li> </ul>		

## Appendix B Invoice Authorisation Schedule

All invoices received by the Association must be **checked** and **approved** before payment. These two stages must be done by two separate people and the approver must always be above the checker in the line management structure.

**Invoice Checking** - The invoice should be checked by the person who placed the order or requested the service. For larger contracts where procurement is separate from contract management, responsibility for checking and approving invoices will be set out in the contracts register. If the responsible person (or people) is/are absent then the checking must be done by their line manager.

The person checking the invoice must ensure that the goods/services/works have been provided as per the contract, to the required standard and quality and allocated to correct budget.

**Invoice Approving** - Once checked, the invoice must then be approved by the checkers line manager or next tier up depending on the approval levels set out below. The approver should double check as a control measure that they are confident that the purchase is **appropriate and within budget**.

### Approval Limits (including VAT)

Staff Grade	Office Supplies & Equipment (non capital)	Housing Management Costs	Property Costs - Revenue	Staff Costs (Temp staff, training, recruitment)	Capital Expenditure (Property Investment & Development) within approved contract works	Capital Expenditure (Not Housing Properties)
• Grade 6-7	£1,000	£1,000	£1,000	£1,000	nil	nil
• Grade 8	£5,000	£5,000	£5,000	£5,000	Up to £50,000	Up to £50,000
• Grade 9	£10,000	£10,000	£25,000	£10,000	Up to £100,000	Up to £100,000
• Directors	£50,000	£50,000	£50,000	£50,000	Up to £1,000,000	Up to £250,000
• Chief Executive	£250,000	£250,000	£250,000 ( insurance renewal up to £400,000)	£250,000	Up to £2,500,000	Up to £500,000
• MHA Board	>£250,000	>£250,000	>£250,000 (except insurance renewal)	>£250,000	>£2,500,000	> £500,000