



**Loreburn Group**  
**Financial Regulations**

<b>Policy</b>	<b>Financial Regulations</b>					
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## 1. Introduction

- 1.1. Loreburn Housing Association (the “Association”) is a Registered Social Landlord and Registered Charity. The Association has a group structure and is the parent of one non-RSL subsidiary, Dumfries and Galloway Homes Limited. These 2 companies form the “Loreburn Group”.
- 1.2. To conduct its business effectively, the Loreburn Group needs to ensure that it has sound financial management systems in place, and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the financial policies.
- 1.3. These Financial Regulations form part of the Standing Orders of the Association and incorporate the financial policies and cover the arrangement for supervision and control of finances, assets, and other resources of the Association.
- 1.4. The Management Committee has ultimate responsibility for the Association’s finances. Its financial responsibilities and those delegated to the Audit and Risk Committee are detailed in the Standing Orders.
- 1.5. The Association shall comply with all statutory and regulatory requirements, as well as maintain best practice. The Scottish Housing Regulator’s Governance and Financial Management Standards have been taken into account. These Financial Regulations reflect current best practices applicable to our own circumstances and structures.
- 1.6. Compliance with the Financial Regulations is compulsory for all staff and Committee Members. It is the responsibility of the Loreburn Executive Team (LET) and Management Team (MT) to ensure that staff are made aware of the existence and content of the Financial Regulations. It is the responsibility of all staff to report instances of non-compliance with Financial Regulations to their manager or a member of LET or MT.

## 2. Key Messages

The key messages from this policy for employees are;

- 2.1. Ensure you act within your designated authority limits when buying goods, services or works and approving invoices – these can be found in Appendix 1 of this document.

Employees should report any financial irregularities immediately to a Director. If it is about a Director, then the CEO should be contacted. Financial irregularities do not just involve money. Non financial irregularities should also be considered and reported where for example an employee has used the assets of the Loreburn Group for personal gain.

- 2.2. Budget holders must ensure they inform the relevant Director and Director of Finance when either income or expenditure is likely to be significantly under or over budget and to explain any variances. This will be reported at the same time as budget forecasts are reported.
- 2.3. All invoices for payment should be sent to [accounts@loreburn.org.uk](mailto:accounts@loreburn.org.uk)

## 3. Related Policies, procedures and documents

- 3.1. The Financial Regulations are part of the overall system of financial and management control and should be used in conjunction with the Association's policies and procedures.
- 3.2. This Policy should be read in conjunction with the following key financial LHA policies and procedures:
  - Standing Orders
  - Payment Management
  - Prepaid Card
  - Procurement & Value for Money

## 4. Terminology

4.1. In these Financial Regulations the following general terms have been used:

**The Association:** Loreburn Housing Association legal entity.

**The Management Committee:** The committee or similar body are ultimately responsible for the affairs of the “Association”.

**Audit and Risk Committee:** The committee responsible for ensuring that an internal control system exists and is operating effectively. It also ensures that there is an independent review of internal and external audit activity.

**Chief Executive Officer (“CEO”):** The person with the ultimate executive responsibility for the management of Loreburn.

**Director of Finance (“DoF”):** The member of staff who is responsible for strategic financial planning and the financial operation of Loreburn.

**Loreburn Executive Team (“LET”):** Chief Executive & Directors

**Management Team (“MT”):** All Heads of Service

**Heads of Department (Budget Holder):** The head of a department, namely a Director or Head of Service, responsible for the budget of their whole department/area (budget holder).

**Budget Administrator:** The member of staff who has been assigned their own budget (other than a head of department) and is accountable to their head of department for it.

**Regulatory Body:** The Scottish Housing Regulator.

## 5. Committee Oversight & Responsibilities

5.1. The Management Committee has ultimate responsibility for Loreburn's finances. Its financial responsibilities are:

- To ensure solvency
- To safeguard assets
- To ensure the effective and efficient use of resources
- To ensure compliance with the regulatory body's Financial Management Standards
- To ensure that financial control systems are in place and are working effectively and that a statement of assurance is produced by the Internal Audit provider annually
- To ensure compliance with the regulatory body's guidance on Audit Practice contained within the Standards on Governance and Financial Management
- To approve the Strategic Plan
- To approve annual Budgets and to approve the annual Financial Statement
- To recommend to the Annual General Meeting (AGM) the appointment of the External Auditors.

5.2. The Management Committee delegates some responsibility as detailed in the Standing Orders to the Audit and Risk Committee which is accountable to the Management Committee.

5.3. The Audit and Risk Committee is independent, advisory and reports to the Management Committee. It has the right to access and obtain all the information it considers necessary and to consult directly with the Internal and External Auditors. The Committee is responsible for overseeing Internal and External Audit and for monitoring their performance. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and that the Management Committee is able to give an annual statement of assurance in respect of financial control systems.

5.4. The Audit and Risk Committee meet at least 3 times a year.



## **6. Audit Requirements**

- 6.1. Audit requirements are set out in the regulatory body's guidance on Audit Practice.
- 6.2. Both the External and Internal Audit services must be competitively re-tendered at least every 7 years, with separate firms providing External and Internal Audit services.
- 6.3. External and Internal Auditors have the authority to:
  - Access company premises at reasonable times
  - Access all assets, records, documents and correspondence relating to any financial and other transactions of the Group
  - Require and receive all necessary explanations concerning any matter under examination
  - Require any employee of the Group to account for their prepaid cards, credit cards and any Group property under his/her control
  - Request access to records belonging to third parties which relate to Loreburn when required.

### **External Audit**

- 6.4. The primary role of External Audit is to report on the Financial Statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach an opinion on the statements and to report on the appropriate use of funds.
- 6.5. The External Auditor's duties will be in accordance with the Regulatory Bodies standards on Governance and Financial Management and the relevant Auditing Standards-and their Letter of Engagement as approved by the Audit and Risk Committee.
- 6.6. The Director of Finance shall be responsible for arranging the completion of the External Audit of Financial Statements of the Association and its subsidiaries and shall ensure that draft Audited Accounts are considered by the Audit and Risk Committee and are approved by the appropriate authority.

- 6.7. The approval of the Letter of Engagement of the External Auditor will take place annually at the AGM. It is the responsibility of the Management Committee to make recommendations following advice received from the Audit and Risk Committee whether anything has occurred in the year to require a change in the contract term.
- 6.8. A full list of Audit and Risk's responsibilities for External Audit can be found in 12.3.1 of the Standing Orders.

### **Internal Audit**

- 6.9. The Internal Auditor is recommended by the Audit and Risk Committee to the Management following a tender process.
- 6.10. The main responsibility of Internal Audit is to provide the Association with reports on the adequacy of its internal control systems based on a programme of reviews as determined by the Audit and Risk Committee.
- 6.11. The Internal Auditor remains independent in planning and operation and has the right of direct access to all necessary individuals and the Management Committee. On an annual basis, the Audit and Risk Committee will review and approve the Internal Auditor's "Audit Needs Risk Assessment" outlining the proposed 3-year audit programme to be followed.
- 6.12. The Internal Auditor will comply with the latest Scottish Federation of Housing Associations Internal Audit Guidance.
- 6.13. The Audit and Risk Committee do reserve the right during a contract period with an Internal Auditor to redirect the Internal Audit work to a specialist service provider.
- 6.14. Where it is deemed that the "Audit Needs Risk Assessment" would be better served by specialist advice from another service provider the Audit and Risk Committee have the right to appoint a specialist provider in line with the procurement policy..
- 6.15. A full list of Audit and Risks responsibilities for External Audit can be found in 12.3.1 of the Standing Orders.

## **7. Financial Planning Policy**

- 7.1. The Director of Finance is responsible for preparing the Financial Plans for management Committee approval on an annual basis. These will include long-term financial forecasts covering a 30-year period, to include a Statement of Comprehensive Income and Statement of Financial Position and a Cash Flow Statement. The Plans should be consistent with the Strategic Plan and approved by the Management Committee. The plans should demonstrate funders' covenants compliance. Sensitivity testing should be undertaken and the results shown to the Management Committee at the time of approval.
- 7.2. The Financial Plan should have Management Committee approval prior to the start of the new financial year.

## **8. Budget Setting and Control**

- 8.1. The Association and its subsidiaries have a financial year that runs from 1 April to 31 March.
- 8.2. The Director of Finance is responsible for ensuring that a budget for the Association and its subsidiary is prepared on an annual basis. Approval for Loreburn comes from the Management Committee and for the subsidiary from the Dumfries and Galloway Homes Board. The budget must be approved prior to the start of the financial year to which it relates. The final budget will be issued to budget holders by the end of March. A budget timetable and guidance notes for the production of budgets will be issued to all budget holders in advance of the annual process beginning.
- 8.3. The annual budget will include:
  - An Income and Expenditure Budget
  - A Capital Budget
  - Cash flow forecasts for the year
  - A projected year-end Balance Sheet.
- 8.4. The budget will clearly reflect the priorities as set out in the Association's Business Plan.
- 8.5. The annual budget will include the current Development Programme including pipeline and other capital projects and will provide the financial

capacity to fund both. The budget will also consider financial capacity in regards to stock investment needs where the requirement is above available working capital.

- 8.6. The control of income and expenditure within the agreed budget is the responsibility of the delegated budget holder who must ensure that the day to day monitoring is undertaken effectively.
- 8.7. Budget holders will be given a budget report on a monthly basis. Contained within this will be monthly expenditure against budget and year to date expenditure against year to date budget.
- 8.8. Based on the information provided above budget holders will then be expected to forecast their remaining income and expenditure until the year end and report this back to the Finance team prior to the deadline which will be set by the Finance team.
- 8.9. Discretion will be agreed between the Budget holder and the Finance buddy with regards to 8.8 to take into consideration holidays and any other absence.
- 8.10. Budget holders are responsible to their Director for the income and expenditure appropriate to their budget.
- 8.11. The Management Committee will receive quarterly reports on performance against budget in an agreed format at strategic level. They shall include as a minimum:
  - Statement of Comprehensive Income
  - Statement of Financial Position – this will include details of any cash drawn and split between variable and fixed loans
  - Key variance analysis and Covenant compliance report
  - Projected outturn against budget for the year
- 8.12. It is the responsibility of the individual budget holders to ensure they inform the Finance Team when either income or expenditure is likely to be significantly under or over budget and to explain any variances.
- 8.13. Re-allocations of budget expenditure are permitted within the budget holder's area of responsibility as long as there is no decrease in the overall budgeted surplus. These should be kept to a minimum. Any re-allocations require sign off by the appropriate Director and the Director of Finance. Any changes

should not affect service delivery and should be in line with all financial principles and procedures. Any re-allocations will be reported to the relevant Director and the Director of Finance by the budget holder as part of the forecasting done in point 8.8

- 8.14. When a member of staff is appointed to a role whereby they will have budget responsibility they will sign off as part of their induction process that they understand their role and responsibility in relation to this.
- 8.15. Prior to the annual budget setting process the Director of Finance will provide a refresher training course to all budget holders to promote and improve budget management skills.

## **9. Format of the Accounts**

- 9.1. The Group's year end is 31 March and the accounts are prepared for the financial year in the format required by the current Statement of Recommended Practice (SORP) for Accounting for Registered Social Landlords published by the National Housing Federation and also the Accounting Determination as per the SHR.

The Association's accounting policies, procedures and records are arranged to ensure compliance with law, guidance and best practice.

- 9.2. It is the responsibility of the Director of Finance to ensure that the Association's accounts and financial statements are prepared in accordance with agreed accounting policies and accounting standards have been followed.
- 9.3. In line with the Standing Orders the Audit and Risk Sub-Committee must review and approve the accounts before they are presented to the Management Committee for approval, particularly selection and monitoring compliance with accounting standards ahead of the presentation to the shareholding Membership at the Annual General Meeting.

## **10. Accounting Returns**

- 10.1. The Director of Finance is responsible for ensuring that financial returns are sent to the SHR, OSCR, FCA and other statutory agencies within the required deadlines.

## 11. Accounting Records

- 11.1. The Director of Finance is responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.
- 11.2. The law requires the retention of primary documents. These include:
- Accounts (6 years plus the current years)
  - Copies of receipts (6 years plus the current years)
  - Payroll records (6 years plus the current years)
  - VAT records (6 years plus the current years)
  - Other financial records (6 years plus the current years)
- 11.3. For auditing and other purposes, the Group will retain other financial records for a minimum of 6 years plus the current year, these should include a minimum fixed asset register, loan register, cash book, sales and purchase invoices and bank statements.

## 12. Taxation

- 12.1. The Director of Finance is responsible for advising head of departments on all taxation issues in the light of guidance issued by the appropriate bodies and relevant legislation and for ensuring compliance with statutory requirements in the areas of VAT, PAYE and National Insurance.
- 12.2. The Director of Finance is responsible for maintaining tax records, making all tax payments and submitting tax returns by their due date as appropriate.
- 12.3. For new projects it is the responsibility of the relevant Director/Head of Service to notify the Finance Team, to all for the guidance to be sought to access any impact on the tax affairs of the Group.

## 13. Banking Arrangements

- 13.1. The Management Committee is responsible for the appointment of the clearing bank and ensuring this is adequate for the organisations requirements.
- 13.2. The Director of Finance is responsible, on behalf of the Management Committee, for liaising with the bankers in relation to the bank accounts.

- 13.3. The Director of Finance may open or close a bank account for dealing with Group funds or funds held on behalf of others, these must meet the criteria as set out in the Treasury Policy and Procedures. All bank accounts shall be in the name of “Loreburn Housing Association Limited”, or its subsidiary company.
- 13.4. The Director of Finance is responsible for managing mandates of all bank accounts and making the necessary changes.
- 13.5. The Director of Finance is responsible for ensuring that all bank accounts are subject to monthly reconciliations and review and that large or unusual items are investigated as appropriate.
- 13.6. All payments, including but not restricted to, electronic through internet banking, BACs transfers, or CHAPs from Loreburn must be signed in line with the authority levels set out in Appendix 1.
- 13.7. Where the association has access to electronic banking there should be appropriate procedures in place for its operation in line with the appropriate authority levels and ensuring segregation of duties.

## **14. Treasury Management**

- 14.1. The Director of Finance will ensure that a Treasury Management Strategy is in place and that there are adequate policies and procedures in place.
- 14.2. The Management Committee is responsible for approving the Treasury Management Strategy and the policy setting out the strategy and policies for cash management, long-term investments and borrowings. A review of the policies and strategies to be undertaken annually.
- 14.3. All borrowing and investments shall be in the name of the Association or subsidiary and shall conform to any relevant regulatory requirements and be in accordance with the Association’s Rules.
- 14.4. The Director of Finance shall report to the Audit and Risk committee on the activities of the treasury management operation and on the exercise of treasury management powers delegated including monitoring compliance, on a quarterly basis in line with Treasury Management Policy.

## 15. Financial Irregularities

- 15.1. Staff are expected to immediately notify a Director if any matter arises which involves, or is thought to involve, irregularities concerning cash or other property or any suspected irregularity in the exercise of the financial functions of any part of the Association or Group. The Director of Finance shall investigate and decide what further action is necessary in consultation with the CEO.
- 15.2. If the suspected irregularities involve a Head of Department, Director or the CEO, staff must report any irregularities to the Chair of the Audit and Risk Committee in accordance with the Whistleblowing Policy.
- 15.3. The Director of Finance shall submit a report to the Audit and Risk Committee if an employee:
  - Has made or is about to make a decision which involves or would involve any part of the Association incurring unlawful expenditure;  
OR
  - Has taken, or is about to take, a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss or deficiency.

This report will also be circulated to Office Bearer's for information.

- 15.4. Where the matter constitutes a Notifiable Event as defined by the Regulator the CEO or Convener as appropriate will ensure that the Regulator is notified.
- 15.5. A fraud register must be maintained and be available to view by the Audit and Risk Committee.
- 15.6. The fraud register is contained within the Finance Teams folder under Other Finance > Fraud Register. This file is password protected to ensure security is maintained. The details of this register are reported annually to the Management Committee.



## 16. Income

- 16.1. The Director of Finance is responsible for ensuring that appropriate procedures are in place to enable the Association to collect rents, service charges and other income.
- 16.2. Rent levels and other charges are determined in accordance with the Association's Rent and Service Charge policies, statutory and regulatory requirements.

The collection of money due to the Association shall be the responsibility of the appropriate Director and subject to appropriate procedures defined in consultation with the Director of Finance.

- 16.3. Any cash handling, including that of customers monies must be managed in line the payment management policy.
- 16.4. The Director of Finance shall ensure that effective procedures exist for the monitoring and prompt collection of owed income. All rent arrears will be investigated and collected in line with the Rent Arrears Policy. Outstanding rents should be monitored by staff and performance reported to LET and the Management Committee.
- 16.5. No debt may be discharged in whole or part unless:
  - Debt is paid in full
  - A credit note is issued
  - Written out of the books, being authorised in accordance with the limits set in the authority levels at Appendix 1, after following the relevant Arrears Policy.
- 16.6. The total written off in any period must be reported to the next Audit and Risk Committee.
- 16.7. A request to write off a debt must be completed in line with the current Arrears Policy. Debts in excess of £5,000 must be approved by the Management Committee.

## 17. Procurement

- 17.1. The Associations policy around procurement of goods, services and works is included within the Procurement and Value for Money Policy. Appendix 1 to this policy details authorisation limits around purchasing and contract signing and should be used in conjunction with the Procurement and Value for money policy.

## 18. Payment Authorisation

- 18.1. Payments will only be made by the Director of Finance against invoices which have been certified for payment through the Homemaster system or equivalent system in line with the authority levels in Appendix 1.

Authorisation of an invoice will involve at least 2 staff in the process and will ensure that:

- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered, or work done is satisfactory where appropriate, it is matched to the Purchase or Works Order.
- The price is in agreement with the original quotation or tender, or evidence has been provided explaining the variation, and found to be in the Group's responsibility to pay
- Invoice details (quantity, price, discount) are correct
- The invoice is arithmetically correct
- The invoice has not previously been passed for payment
- Where appropriate, an entry has been made on a stores record or departmental inventory
- VAT issues have been complied with where they apply
- The invoice is coded appropriately with selection of account code, department and activity type. . This must be in line with what is included in the budget administrator's area of responsibility and must correspond with the types of goods or services described on the invoice.
- Where an invoice is received direct from the supplier the invoice will be sent via Homemaster to the most appropriate person for coding. This will then be assigned to another member of staff in line with the authorisation limits for approval.

- 18.2. Payments to suppliers will be made on the basis of an original invoice. Copy invoices can only be processed if they have been received from the supplier

and the supplier account has been checked and the Finance Team confirm the invoice has not previously been passed for payment.

- 18.3. Invoices must be passed to the Finance Department as soon as they have been authorised. This is to be done via the Finance Team email – [accounts@loreburn.org.uk](mailto:accounts@loreburn.org.uk) . Care must be taken by the budget holder to ensure that discounts receivable is obtained.
- 18.4. Payments are normally to be made on a weekly basis through BACs, dependent on the payment terms negotiated for the supplier or contract or by other electronic method. Urgent bank transfers will be issued by exception only, cheque payments are no longer available.
- 18.5. The weekly BACs payment will be approved in line with the authorised limits contained in Appendix 1. The amount in Appendix 1 refers to the total amount of the weekly BACS run. All invoices contained within this should have been already authorised. The BACS needs signed off by a person who has the authority limit to do so. It then should be counter signed by someone with the same authority level or the level below.  
  
For example, if the BACS was £1.5m, this could be signed off by the CEO and then another Director.
- 18.6. To aid the process of approving the BACS the Finance team will produce an annual rota, whereby 1 Director and 1 Head of Service will be bound on a weekly basis for each month to be available to sign the BACS. This should cover the majority of BACS runs based on historic BACS run values.
- 18.7. If you are unavailable and it is your duty that week then you should arrange for cover and let the Finance team know. The BACS run will be circulated by email and approved by Homemaster with authorization also included on Docusign.
- 18.8. Where the CEO is required to approve the BACS and is unavailable, the Finance team will contact a Member of the Management Committee for approval.
- 18.9. Training will be given to all those staff who are to approve the BACS.

- 18.10. The artificial splitting of orders or invoices or use of the credit card to circumvent the Financial Regulations are expressly forbidden.
- 18.11. Company credit cards are held and operated by members of the LET and should be used mainly for electronic payments where there is no alternative method of payment. The limit on the LET cards is £10,000 and they should only be used in line with the purchasing requirements in the Procurement and Value for Money policy. In exceptional circumstances where the Business Continuity Plan is invoked spending can be authorised out-with ordinary practice as prescribed in the Procurement & Value for Money Policy where authorised by the CEO or by the Director of Finance under the delegated authority of the CEO.

## **19. Payments Not Covered by an Invoice**

- 19.1. Special payments are those which are not based on invoices, contracts or expense claims. Examples include payroll payments, payment of payroll deductions, money market transactions and loan repayments
- 19.2. In order to make such an ad hoc payment a request form must be completed and authorised in accordance with the authority levels & this payment will be made electronically.

## **20. Other**

### **Prepaid Cards**

- 20.1. The use of prepaid cards should be managed in accordance with the prepaid debit card policy.

### **Contracts**

- 20.2. Contract procurement or contractual document signing should follow the expenditure and authorisation limits set out in Appendix 1 using the approval limits or under as the guide.

### **Experian Checks**

- 20.3. Prior to commencement of employment for staff recruited from Director and CEO role would require an Experian Check to be carried out. This is also applicable for the Head of Finance and Assistant Finance Manager role.
- 20.4. Consultants will only be subject to an Experian check if they are added to the approved signature list.

### **Management of Grant Funds**

- 20.5. Payments made from grant monies with an invoice would follow the same rules as other purchase invoices. Payments made from grant monies to purchase vouchers/goods for customers via a 3rd party, for example via Charis or Amazon, do not require dual authorisation as long each individual transaction is under £500. If the payment exceeds £500 then dual approval would be required.
- 20.6. Grant money transferred to 3rd parties to make purchases of goods/vouchers, for example Charis or Amazon, would not be subject the approval limits set out in the financial regulations. A maximum for £20,000 can be made available on the 3rd party platforms at any time

## **21. Salaries & Wages**

- 21.1. To ensure segregation of duties the Director of Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered.
- 21.2. The Director of Corporate Services shall be responsible for the source documents for the payment of all salaries, pensions and other benefits and the preparation of the payroll. All salary claims and other pay documents will be in form prescribed or approved by the Director of Finance.
- 21.3. All staff shall be appointed to the salary scales approved by the Management Committee and in accordance with appropriate Conditions of Service. All letters of appointment must be issued by the P&C function.

21.4. The Director of Corporate Services shall be responsible for ensuring they are notified of all matters relating to personnel for payroll purposes.

21.5. In particular these include:

- Appointments, resignations, dismissals, suspensions, secondments and transfers
- Absences from duty for sickness or other reason, apart from approved leave
- Changes in remuneration including normal increments and pay awards Information necessary to maintain records of service for pension, income tax, national insurance etc
- Deductions from salaries.

21.6. The Director of Finance is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All employees including casual and part time will be included on the payroll.

21.7. The Director of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.

21.8. The monthly payroll must be approved by any member of LET before the relevant BACs payment is transmitted.

21.9. All statutory returns will be completed and submitted timeously.

## **22. Pensions**

22.1. The Management Committee is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

22.2. The Director of Finance is responsible for day to day pension matters including paying over contributions to various authorised pension schemes and preparing returns to various pension schemes.

## **23. Travel, Subsistence and Other Allowances**

23.1. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in the expenses section in Cascade and in accordance with the Expenses Policy.

- 23.2. Claims by members of staff must be certified by their Head of Department (or CEO in the case of Heads of Department and Convener in the case of the CEO). The authorisation by the Head of Department shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable. In the event that a personal relationship exists between 2 members of staff, alternative authorisation arrangements must be made.

## **24. Assets**

### **Land and Buildings**

- 24.1. The purchase, lease or rent of land or buildings can only be undertaken if in line with the approved capital and revenue budget and shall be in accordance with the authority levels in Appendix 1.
- 24.2. Within group structures, such as Loreburn H A and D&G Homes, the parent must have constitutional control over its subsidiaries. Constitutional control **MUST NOT** be confused with control over operational decisions; the subsidiary should exercise independent control over operational matters, within the limits that have been set by its parent organisation. Disposals of DGH stock in line with the requirements of the business plan or for operational reasons should be pre-approved by the parent organisation (LHA).
- 24.3. The Director of Finance is responsible for maintaining the Register of Land and Buildings. This will include all properties owned or leased by the Association and its subsidiary recording the address, location, purchase details and particulars of the nature of the Association's interest and rents receivable and particulars of the tenancy granted.
- 24.4. Title Deeds will be held by the Solicitors where possible and a register of location of deeds will be maintained.
- 24.5. Other than statutory sales of dwellings and properties developed for sale, the disposal of land and buildings, owned by Loreburn Housing Association must only take place with the authorisation of the Management Committee, and when delegated authority has been passed from the Management Committee and in accordance with the applicable Asset Management strategy. Sales of properties owned by Loreburn's subsidiary, Dumfries and Galloway Homes

must be pre-authorised by the Board of Management of Dumfries and Galloway Homes.

- 24.6. All sales must be supported by an independent valuation.
- 24.7. The assigned manager for the sale is responsible for ensuring that all statutory requirements are complied with and Regulatory body and other consents are obtained where required.
- 24.8. The Director of Finance is responsible for ensuring that the relevant prior consents have been obtained from funders and the Scottish Housing Regulator where required.

### **Capitalised Components**

- 24.9. The organisations policy on capitalisation of property components follows the definition contained within the Housing Statement of Recommended Practice 2018 (SORP).
- 24.10. The SORP notes that *“any works to housing properties which do not replace a component or result in an incremental future benefit of a housing property must be charged as expenditure in the Statement of Comprehensive Income. This includes expenditure incurred to ensure that the housing property can maintain its existing level of net rental income”*.
- 24.11. The Association chooses to interpret this to mean that we will only capitalise a component when the full component is replaced. For example, a toilet replacement in a bathroom does not replace the full component, once the full bathroom (bath/shower, sink etc) is replaced the component would be capitalised. The toilet replacement would be accounted for as revenue expense
- 24.12. The cost of the component will be capitalised at the cost of replacement.

### **Development Schemes**

- 24.13. The Management Committee must approve the financial appraisal of each development scheme at each stage in the development process and ensure that appropriate grant funding and private finance for the development is in place prior to acquisition of a site or the letting of a building contract.



- 24.14. All bids to the Scottish Government and other bodies for grant are to be approved by the Management Committee subject to the relevant criteria.
- 24.15. The outcome of the bidding process will be reported to the Management Committee.
- 24.16. Following practical completion of a development scheme and receipt of the final grant claim, a final report setting out the actual costs of the scheme as recorded in the Nominal Ledger compared to the approved costs will be submitted to the LET.
- 24.17. Preliminary costs on a single prospective scheme of up to £10,000 are authorised by the LET. This will be carried out and reported as a minimum on an annual basis. Costs incurred prior to scheme approval will be treated as revenue items until a contract is entered into and then they will be capitalised in accordance with relevant accounting policy.
- 24.18. The Director of Finance shall be responsible for ensuring that adequate accounting systems are in place to enable the Association to comply with the relevant grant requirements. The Development Manager shall ensure that timely arrangements are in place to claim all available grants.

### **Other Assets**

- 24.19. A register of other fixed assets shall be maintained, recording a description of each item of furniture, fittings and equipment owned or leased by the Association costing £1,000 or more individually. For example, if 10 mobile phones were purchased at £150 each, costing £1,500, this would not be capitalised given the individual asset is less than £1,000. The form in which the Fixed Asset Register shall be kept is to be set by the Director of Finance and will be used primarily for recording capitalised other fixed assets and their depreciation for accounting purposes.
- 24.20. The Association's assets shall not be removed other than in the ordinary course of the Association's business, or used other than for business purposes, except in accordance with specific directions issued by the Director responsible for the asset.
- 24.21. Each Director is responsible for physical checks of assets and must take action in relation to surpluses or deficiencies.

- 24.22. Any material loss or damage to any individual assets coming to the attention of any member of staff shall be reported immediately to the appropriate Director and where appropriate consideration should be given to making an insurance claim.
- 24.23. Disposal of equipment and furniture must be advised to the Director of Finance prior to disposal and be in accordance with applicable financial procedures and delegations of authority.

## **25. Insurance**

- 25.1. The Director of Finance is responsible for effecting insurance cover as required to protect the Association, its subsidiary and its assets. This is done in line with the Insurance Policy.
- 25.2. A register will be kept of insurance cover in place.
- 25.3. Heads of Department shall give prompt notification to the Director of Finance of all new risks, or properties that require to be insured and of any alterations affecting existing risks and insurance.
- 25.4. Heads of Department must advise the Director of Finance immediately of any event, which may give rise to an insurance claim. The Director of Finance will notify the Group's insurers and if appropriate prepare a claim in conjunction with the relevant Head of Department for the insurers.
- 25.5. The Director of Finance shall be responsible for promptly notifying insurers of any claim made against the Group or any circumstances likely to give rise to such a claim, and the respective Head of Department will keep him/her informed accordingly and furnish him/her, on request, with all information, documents or advice necessary to enable the insurers to deal with the claim on behalf of the Group.

## **26. Security**

- 26.1. Heads of Department are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, etc under their control. They shall consult the appropriate Director in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

- 26.2. The loss of keys for secure areas must be reported to the appropriate Director immediately.
- 26.3. An officer shall be responsible for maintaining proper security and privacy of information. Access to areas where data is stored will be restricted to authorised persons. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act.

## **27. Consultants**

- 27.1. Loreburn H A may from time to time procure the services of a consultant/contractor to operate in a specific job role. This could be, but is not limited to, backfilling a post until a permanent member of staff is recruited.
- 27.2. All consultants/contractors brought in to cover a certain job role, ie Director post, will be given the same level of authority, as set out in Appendix 1, as that of a full-time member of staff.
- 27.3. This will only be done once People and Culture have carried out an Experian check on that individual to confirm it is ok for them to act in this capacity.

## **28. Complaints**

- 28.1. Loreburn has a commitment to valuing complaints and ensures the organisation benefits from feedback to identify areas for change or improvement.
- 28.2. Loreburn has a Complaints Policy which ensures there are robust and effective procedures in place for complaints to be properly managed and acted upon.
- 28.3. Anyone dissatisfied with the outcome of their complaint having exhausted Loreburn's complaints procedure has the right to refer the matter to the Scottish Public Services Ombudsman. The right to complain should always be inserted in customer facing policy documentation.

## **29. Equality & Human Rights**

- 29.1. Loreburn aims to ensure that equality, fairness, dignity and respect are central to the way we work and how we treat our customers. We support

diversity and uphold equal opportunities in all areas of our work as an employer and service provider.

- 29.2. Loreburn will not discriminate against tenants, staff, visitors, suppliers or others based on their age, sex, sexual orientation, race, disability, religion or belief, marital status, pregnancy and maternity or gender reassignment (collectively referred to as 'protected characteristics' in the Equality Act 2010).
- 29.3. A clear statement on Equality and Human Rights should always be inserted in customer facing policy documentation and any other relevant policies.

### 30. Risk Management

- 30.1. Loreburn has a Risk Management Strategy, Policy and Procedure. These documents set out how the organisation will manage risk as an integral part of its governance and management systems, ensuring risks are identified, evaluated and controlled effectively.
- 30.2. Identifiable risks arising from this policy will be monitored and managed by the internal processes set out herein and by regular review of this and all other associated policies and procedures, ensuring risks are mitigated and Loreburn complies with all legislative requirements and regulatory and best practice guidance.
- 30.3. All policies should consider risk where relevant and include in policy documentation.

### 31. Responsibilities Chart

- 31.1. The chart below illustrates the responsibilities of all staff in relation to this policy.

Responsibilities	MC	A&R	CEO	LET	DoF	MT	All Staff
Overall system of financial management and control	✓						

Compliance with the financial regulations and reporting of noncompliance	✓	✓	✓	✓	✓	✓	✓
External and Internal Audit function		✓					
Financial Planning	✓	✓	✓		✓		
Budget Setting	✓	✓	✓		✓		
Budget Reporting			✓	✓	✓	✓	
Format of Accounts and Accounting policies		✓			✓		
Submission of All Annual Financial Returns					✓		
Ensuring adequate records are maintained					✓		
Tax/VAT Planning					✓		
Day to Day banking					✓		
Day to Day Treasury Management					✓		
Reporting of Financial irregularities	✓	✓	✓	✓	✓	✓	✓
Income collection					✓		

Authorisation limits followed	✓	✓	✓	✓	✓	✓	✓
Payment to suppliers					✓		
Payment of salaries				✓	✓		
Pension payments and administration					✓		
Maintaining the Associations Asset Register					✓		
Adequate insurance in place					✓		

# Appendix – 1 Authority Limits

		LET			MANAGEMENT TEAM							
	MC Member	CEO	Director	Chair D&G	Head of Finance	D&G Homes Mgr	All Other Heads of Service	Team Mgrs ***	Officer, Later Living Mgrs & IHR Supervisors	Asset Assistants & Schedulers	IHR Operatives	Assistant & CBSA
Authorise Orders	>£500k	>£500k	£500k	£500k	£500k	£100k	£100k	£30k	£5k	£2.5k	£1k	£500
Authorise Invoices	>£500k	>£500k	£500k	£500k	£500k	£100k	£100k	£30k	£5k	NA	NA	NA
Authorise Payments without Invoice	>£500k	£100k	£100k	£100k	£100k	£10k	£10k	NA	NA	NA	NA	NA
Payment Signatory (2 required)	Unlimited	Unlimited	Unlimited **	Unlimited	Unlimited	£100k	£100k	NA	NA	NA	NA	NA

Approve BACS	>£2m	<£2m	£1m	£500k	£500k	£100k	£500k	NA	NA	NA	NA	NA
Open Tenders	>OJEU LIMIT	<OJEU LIMIT	<OJEU LIMIT	<OJEU LIMIT	<OJEU LIMIT	£500k	£500k	NA	NA	NA	NA	NA
Tender Awards & Project Plans ****	>£500k	<£500k	£500k	£500k	NA	NA	NA	NA	NA	NA	NA	NA
Credit Card (Business change cards)	NA	£10k	£10k	£10k	£10k	NA	NA	NA	NA	NA	NA	NA
Write offs - under £10k	NA	£10k	£10k	£5k	NA	NA	NA	NA	NA	NA	NA	NA
Write offs - £10k and over	>£10k	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA



## Notes;

\* Limits only applicable to DGH activities.

\*\* This cannot be done by two Directors, must be one Director and AN Other.

\*\*\* Finance Team Manager will follow the limits of All Other Heads of Service. Team Managers also includes Service Development Lead, H&S Co-ordinator and other equivalents

\*\*\*\* The tender approval and project plan approval requires the agreement of LET as a collective and not solely 1 member of LET signing this off

## Authorising Orders & Invoices;

- Authorise Orders – orders can be placed up to the value noted above on behalf of the organisation.  
This will still need to go through a dual authorisation process – it is the second approval that this limit refers to. For example, a Housing Officer places an order for £5k, this is within their authorisation limit, but it will still need to be approved by another Officer or above. This is to ensure at some point in the invoice process there has been some segregation of duties.
- Authorise Invoices – invoices can be authorised for payment up to the value noted above on behalf of the organisation.  
If a purchase order has already been authorised in accordance with the above, and the invoice matches this order – it will authorise this for payment automatically.  
If it doesn't match or no order has been raised the invoice will go through a dual authorisation process again before being authorised for payment. In this case, again the limit it is the second approval that this limit refers to. For example, a Housing Officer received an invoice for £5k but didn't place an order, this is within their authorisation limit, but it will still need to be approved by another Officer or above. This is to ensure at some point in the invoice process there has been some segregation of duties and invoices cannot be paid without two people looking at this.

## Appendix 2 - Document Signing

Only Management Committee, LET and the Management Team have authority to sign the Association up to any contract term through procurement. The limit at which contracts can be signed up should follow the expenditure and authorisation limits set out above. For the avoidance of doubt this means a Management Team Head of Service can sign a contract off up to a value of £100k. DGH staff can only sign on behalf of DGH.

**When requesting a signature from a member of the Management Committee, the member must be presented with written confirmation of the relevant approval or confirmation of the authorisation level in line with these Financial Regulations. The Head of Governance & Assurance must be notified by e-mail prior to a member's signature being requested.**

		LET				MANAGEMENT TEAM			Other
	M C MEMBER	C E O	Director	Chair DGH	Head of Finance	D&G Homes Manager	Head of People & Culture	All Other Heads of Service	All Other Staff
Contracts	✓	✓	✓	✓	✓	✓	✓	✓	NA
Deeds of: Servitude Variation Conditions	✓	✓	✓	✓	NA	NA	NA	NA	NA
Disposition	✓	✓	--	--	NA	NA	NA	NA	NA
Leases	✓	✓	✓	✓	NA	NA	NA	NA	NA
Loan Agreements	✓	✓	--	--	NA	NA	NA	NA	NA

Minutes of Agreement	✓	✓	✓	✓	NA	NA	NA	NA	NA
Exclusive Occupancy Agreement (SO)	✓	✓	✓	✓	NA	NA	NA	NA	NA
Standard Securities	✓	✓	✓	✓	✓	NA	NA	NA	NA
Wayleave	✓	✓	✓	✓	NA	NA	NA	NA	NA
Credit accounts applications	✓	✓	✓	✓	NA	NA	NA	NA	NA
Loan Drawdowns	✓	✓	✓	--	NA	NA	NA	NA	NA
FCA Submission	✓	✓	✓	--	NA	NA	NA	NA	NA
Share Certs	✓	✓	--	--	NA	NA	NA	NA	NA
Declaration of Interest	--	✓	✓	✓	NA	NA	NA	NA	NA

(staff) below LET									
Declaration of Interest (CEO and Committee)	✓	NA	NA	NA	NA	NA	NA	NA	NA
Auditors letter	✓	--	--	--	NA	NA	NA	NA	NA
Annual Accounts	✓	--	--	--	NA	NA	NA	NA	NA
Staff Contracts of Employment (below CEO)	--	✓	✓	✓	✓	✓	✓	✓	NA
CEO Contract of Employment	✓	NA	NA	NA	NA	NA	NA	NA	NA
Staff Settlement Agreements	--	✓	✓	✓	NA	NA	NA	✓	NA