



MOLENDINAR PARK HOUSING ASSOCIATION

FINANCE POLICIES AND PROCEDURES

Date of Review: 19 January 2016

Date of Next Review: Nov/Dec 2020

Registered in Scotland 2400 R (S)
Registered Scottish Charity SC043725
Registered Property Factor PF 000125

FINANCE POLICIES AND PROCEDURES

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3. AUTHORISED SIGNATORIES

General Banking

The following signatories have been approved by the Management Committee for the purposes of making payment by cheque/BACS.

Andrew Scott	Chairperson
Lori McElroy	Committee Member
Brian Johnston	Committee Member
Margaret O'Donnell	Committee Member
Caroline McKinlay	Committee Member

At least one office bearer should always be a preferred signatory. *Only in an emergency, such as Office Bearers being on holiday, or ill, should the other signatories be used.* These signatories will be in place until such times as the Management Committee authorise any changes.

Detailed below is a list of all the Association's Bank Accounts:

General Account:	Liquidity Manager Account
Rent Account:	Factoring Account

Private Finance

Dunfermline Building Society (taken over by Nationwide BS)

Royal Bank of Scotland (closed 2008/09)

Clydesdale Bank (closed 2008/09)

Nationwide Building Society (8 loans)

The following signatories have been approved by the Management Committee for the signing of Private Finance Agreements and variations to those agreements such as fixing interest rates or varying the term of the loan.

Andrew Scott Chairperson

Brian Johnston Committee Member

4. RECEIPT AND PAYMENT OF NON MAINTENANCE INVOICES

All invoices must be stamped, numbered and entered in the invoice register. Supporting order forms where applicable should be attached at this stage. Invoices are then given to appropriate staff to check and pass for payment.

Invoices are then authorised for payment by the Budget Holder (as specified in the Annual Budget) and passed back to the Finance Officer. Any reason for withholding payment/dispute must be notified to the Finance Officer.

All invoices should then be posted to the purchase ledger on the computer with the nominal ledger code being entered on the face of the invoice.

When invoices are due for payment, a payment advice should be drawn up for each cheque issued. The Supplier reference number should appear on the payment advice. The date that the invoice is paid must be entered on the face of the invoice.

Both cheque signatories must, on request, be able to peruse the invoices being paid.

All payments must be posted to the purchase ledger on the computer.

Non Budgeted expenditure must be accompanied by a copy of the appropriate minute or authorising documentation.

5. RECEIPT AND PAYMENT OF MAINTENANCE INVOICES

Contractor and other maintenance invoices must be stamped, numbered , and entered in the maintenance invoice register by the Maintenance Assistant. The total of all Contractor invoices must be recorded in the computerised system.

Thereafter Maintenance Procedures must be followed. Purchase Ledger updates will take place throughout the month followed by a full quarterly reconciliation to the Nominal ledger accounts.

Where authorisation is being withheld invoices must be kept with a clear reason in the 'Postings Query' file kept by the Maintenance Assistant.

When invoices are due for payment, a payment advice should be drawn up for each cheque issued. The Contractor's/Supplier's reference number should appear on the payment advice. The date that the invoice is paid must be entered on the face of the invoice.

Both cheque signatories must, on request, be able to peruse the invoices being paid.

All payments must be posted to the purchase ledger on the computer.

6. CASH AND CHEQUE RECEIPTS

All cheque and cash receipts should be forwarded to the Finance Assistant for checking and banking.

All monies received at the Association's offices must be receipted in the first instance by reception staff or appropriate officer and then passed to the Finance Assistant. Cash receipts of more than £300 must be witnessed.

A record of all cash received must be maintained as follows:-

Rent: A copy of the receipt issued to the tenant. Receipt to be marked rent.

Factoring: A copy of the receipt issued to the householder. Receipt to be marked Factoring.

Recharges: A copy of the receipt issued to the tenant. Receipt to be marked Recharges.

Miscellaneous: A voucher to be filed in the "Miscellaneous Receipts" folder containing all relevant details, eg remittance advice.

All non sales ledger income should be posted monthly to the Nominal Ledger after the Cash Book reconciliation to the Bank Statements.

No monies should be received outwith the Association's office except in exceptional circumstances and must be witnessed. Where this has occurred a duplicate receipt should be issued from the Association's office as soon as possible.

Factoring and rechargeable repair invoices may be paid in cash or by cheque at the office.

All rent must be paid through the Allpay rent system or by Housing Benefit/ Arrears Direct as laid out in the Housing Services Procedures. Only in exceptional circumstances i.e. collection of rent arrears will cash be accepted at the office.

7. RECHARGEABLE REPAIRS AND FACTORING

RECHARGEABLE REPAIRS

The Association has a comprehensive Rechargeable Repairs Policy and Procedure including Debt recovery.

FACTORING

Comprehensive Factoring and Owner Occupier Policies and Procedures are contained within the Housing Services (Management) Policies file.

8. END OF MONTH – UPDATE OF RECORDS

At the end of each month the incoming cash, outgoing cheques and any transfers not posted to the accounting system must be updated and posted to the relevant ledgers. (Nominal, Purchase and Sales)

A purchase ledger and sales ledger aged balance print out and trial balance is required to be taken at the end of each quarter.

A bank reconciliation should be carried out monthly.

A monthly journal should be prepared and posted from the monthly salary printouts.

All cost control sheets should be updated at the end of each month.

The Assets (other than Property) Register as defined in the Financial Regulations should be updated at least annually.

Returns to The Scottish Housing Regulator shall be in accordance with the current regulatory framework as specified in the relevant Guidance Notes etc.

At the review date this comprises:

Annual Accounts	Quarterly Management Accounts
Auditor's Management Letter	Association's Response
Five Year Financial Projection	Loan Portfolio Return

9. INSURANCE CLAIMS

The Association has a comprehensive procedure for making insurance claims.

Once settlement monies are received they should be deposited in the Association's bank and either credited to the relevant Nominal Ledger account or paid directly to the owner/occupier (if they instructed their own work).

The Maintenance Assistant should be told that the claim has been settled and a copy of the remittance advice from the insurance company should be filed Miscellaneous Receipts file.

10. PETTY CASH

The Petty Cash is the responsibility of the Finance Officer or other person authorised by him/her or the Finance Manager in his/her absence.

The Finance Assistant will operate the petty cash imprest system with the replenishment amount of £600.

The Finance Assistant should complete the Petty Cash Book and The Finance Officer should reconcile it on a monthly basis where possible and at least quarterly.

The Finance Assistant or authorised substitute will detail on a petty cash voucher information relating to all expenditure incurred via the petty cash. Supporting receipts should be attached where possible.

All petty cash vouchers must be signed by the recipient and passed by the Chairperson of the Association. The Chairperson's claims must be passed by the Director.

Total Petty Cash expenditure against Budgeted expenditure will be reported to the Management Committee quarterly with any significant deviation from Budget being explained in full.

11. REIMBURSEMENT OF EXPENSES TO STAFF

Staff Attendance at Meetings

A subsistence claim form for each employee will be completed detailing all claims for:

a) attendance at evening meetings or other events on the instruction of the Management Committee

or

b) working over 10 hours in one day

or

c) leaving employment after 8.00p.m.

or

d) on-call during a weekend or Public Holiday

These claims will be taxed and paid with the monthly salaries.

The Subsistence Allowance (and Lunch Allowance referred to below) is per the '83 Group Conditions of Service adjusted in line with the annual wage review.

Staff Mileage

Staff Mileage claims should be made at least monthly to the Finance Officer on the relevant form and these will be paid at the current rate (52.5p per mile subject to periodic review through the petty cash.

The Association participates in the Fixed Profit Car Scheme and the Finance Officer must submit an annual return detailing all mileage allowance claims during the year.

12. Committee Mileage and Staff and Committee Out of Pocket Expenses

Claims for the above should be made from Petty Cash as per Finance Procedure 10

Reimbursement of Expenses for Attendance at Training Events & Conferences

Travelling expenses in the proximity of Glasgow will be reimbursed at the appropriate mileage allowance rate. Alternatively public transport or taxis may be used.

Travelling expenses to conference and other events outwith the office will be paid at the equivalent to the sum of:

- i) the return train fare plus
- ii) associated public transport fares (or taxi fares if necessary) to and from the station.

Where a car user is uplifting and returning to the Association's offices other staff/committee attending the conference the aggregate of those allowances will be paid to the car user.

Where a committee/staff member is required to take an evening meal outwith the office, staff may make a subsistence claim and committee members may claim an allowance equivalent to the current Subsistence Allowance. This does not apply where an evening meal is provided at the destination or where the person could reasonably be expected to arrive home in time for their evening meal.

Where a committee/staff member is required to take a meal during the day, that is, where it would take more than four hours to travel from Glasgow to the destination a current Lunch Allowance may be claimed. This allowance may also be claimed where staff or committee members are required to spend between 4 and 9 hours away from Glasgow on official business.

Where accommodation is not arranged by the Association approval must be obtained in advance from the Management Committee. Retrospective approval may be sought but no guarantee can be given that it will be met in full or at all.

Any claim which is not covered by these guidelines must be presented to the Management Committee for approval. Retrospective approval may be sought but no guarantee can be given that the expenses will be met in full or at all.

13. Committee/Staff Overnight Allowances

Conferences in the UK

Expenses of £20 per night are payable via petty cash for committee/staff members attending conferences on the Association's behalf in the UK

Conferences Abroad

Expenses of £35 per night are payable via petty cash or in local currency for committee/staff members attending conferences on the Association's behalf outwith the UK.

14. Claiming and Payment of Housing Association Grant or Equivalent

When a works certificate or fee claim is received it should be checked against the approved level of expenditure for the contract.

If they are within the approved level then an appropriate claim form should be completed and signed by an authorised signatory (either the Director, Senior Housing Services Officer, Finance Officer or Maintenance Officer). The original works certificate and copies of fee invoices are required to be sent to the appropriate funding authority with the claim.

A copy of the claim should be filed in the Cost Control file.

Certificates and fee notes received by the Association should be logged into the purchase ledger as per procedure 2.

When monies are received from the funding authority the payment advice should be copied to the Cost Control File and the original filed in the Miscellaneous Receipts File.

Where differences occur between the amount claimed and the amount received the reasons should be noted and the responsible Officer informed.

The Finance Officer will enter details of HAG receipts on the Cost Control Sheets.

The Finance Officer will ensure timeous payment of MIW certificates i.e. within 14 days of the date of issue.

In respect of development allowances, the Finance Officer will liaise with the responsible officer and ensure that all development allowances available to the Association are claimed and have been received from the funding authority.

15. Drawing Down Private Finance

When money is due to a contractor or consultant and all HAG has been claimed private finance should then be drawn down. This should be done in writing to the lender enclosing a copy of the certificate or invoices to be paid and requesting that the monies be transferred into the Association's General Account. A copy should be taken and filed in the relevant Cost Control file.

Once the Finance Officer is satisfied that the monies have been transferred then a payment should be made to the Contractor/Consultant. 'Private Finance' should be marked in the Expenditure box on the front of the invoice and the payment should be authorised by the Director as outlined in Finance Procedure 2.

All payments will be entered on the Cost Control Sheets when these are updated.

Interest charged on each account should be posted by way of a journal when statements are received.

Private Finance bank statements for all schemes should be held and a reconciliation to the Nominal Ledger carried out periodically.

16. Application for Payment of ODG and Repayments

16. APPLICATION FOR PAYMENT OF ODG AND REPAYMENTS

Where an offer of ODG is in place a claim should be made on the relevant The Scottish Housing Regulator form enclosing a copy of the certificate or invoices to be paid and requesting that the monies be transferred into the Association's General Account. A copy should be taken and filed in the relevant Cost Control file.

Once the Finance Officer is satisfied that the monies have been transferred then a payment should be made to the Contractor/Consultant. 'ODG' should be marked in the Expenditure box on the front of the invoice and the payment should be authorised by the Director as outlined in Finance Procedure 2.

All payments will be entered on the Cost Control Sheets when these are updated.

Interest charged on each Private Finance Account should be posted by way of a journal when statements are received.

Overdraft Guarantee Account statements for all schemes should be held and a reconciliation to the Nominal Ledger carried out periodically.

Repayments to the ODG accounts should be sent with the relevant The Scottish Housing Regulator Form.

17. Property Register Information

The Housing Management Section will hold, inter alia, the following information relating to each property owned:-

Address
Location
Number of rooms
Date of entry
Current rent being charged

For further details of information held refer to the Hometeam Rent Ledger.

The Finance Section will hold all information relating to the following in the Right to Purchase register:

Cost of construction or rehabilitation

Amount of grant acquired for purchase, construction or rehabilitation, amount of loan outstanding, attributable to the cost of purchase, construction or rehabilitation.

18. Treasury Management Policy

Definition of Approved Activities

Approved activities of the Association will be:

1. The placement of surplus cash in deposit accounts which comply with the Treasury Management Policy.
2. Borrowing of capital from selected lenders which comply with the Treasury Management Policy.

Formulation of Treasury Management Strategy

Investment Strategy

Based on the assumption that financial return is directly correlated with financial risk, Molendinar Park Housing Association's intention is to optimise rather than maximise a return on the cash held over a period of time.

It has been agreed that the Association holds in similar amounts, any long term money (greater than 90 days) on a 3 months, 6 months and 12 months term deposit account(s).

As each term deposit matures the Finance Officer will prepare a schedule which compares rates of interest being offered by at least 3 of the following banks:

Clydesdale Bank

Royal Bank of Scotland

Lloyds TSB Scotland

Bank of Scotland

Co-operative Bank

Preference will be given to the Association's current bankers, ie holder of General Bank account. This is then presented to a Committee office bearer. to approve reinvestment of the matured funds.

Three month term deposits will enable the Association to take advantage of any upward trend in interest rates in the shorter term. 12 month deposits will conversely enable the Association to take some degree of cover if interest rates begin to decrease.

As and when these deposits mature and they remain "long term", the principal and the interest that has accrued on the deposit should be rolled over and re-invested in a similar deposit as per above procedure.

Where fluctuations in the Association's funds mean they cannot be committed for a fixed period alternative interest bearing accounts should be considered by the Management Committee and approval granted if deemed suitable.

At the time of this review the Management Committee have approved the use of an RBS Liquidity Manager Account where funds in excess of £25,000 are transferred into an interest bearing account and automatic transfers between this and the General accounts ensure there are sufficient funds to meet all the Associations payments.

Borrowing Strategy

Conventional loans are the agreed option for the Association and will be raised, where required per the offer of Grant to fund projects approved by The Scottish Housing Regulator.

The Association has an approved list of lending institutions which meet their requirements and are listed below:-

Lloyds TSB

The Royal Bank of Scotland

Clydesdale Bank

Nationwide Building Society

In view of recent frailties in the banking system, cognisance of the Bank of England ratings of lending institutions and consideration of alternative methods of finance should form part of the process of raising finance.

Attention will also be given to The Scottish Housing Regulator's desire to see a 'balanced portfolio' and therefore Molendinar Park will therefore seek to diversify the lenders used.

Definition of Approved Organisations for Investment

Security of the Association's funds is a very high priority. It is proposed therefore, that all investments are placed with only the above named bankers and that money is not transferred out of the organisation into the hands of either financial intermediaries or higher risk organisations offering higher returns.

The Association's deposits may change in the future but this does not negate the above policy in that investment funds (deposits) are ideally held by the Association's current bankers (or one of the named High Street Banks above in the event of materially better returns offered). In this way, the Association will avoid any risk associated with intermediary cash managers and numerous cash transfers between banks.

Policy on Delegation

All money in the hands of the Association shall be aggregated for the purpose of Treasury Management and reported annually to the Management Committee via the cash flow attached to the annual budget. That Committee will decide the respective term deposits in line with the policy and in view of the cash flow projections for the coming 12 months. On a quarterly basis the committee will be informed of cash resources again via the cash flow document and updated if necessary.

The Management Committee will receive annually a report which will record the activities and returns on investments. This should be presented within 6 months of the end of the financial year.

Borrowing requirements will be presented to the Management Committee noting the broad characteristics of the loan in terms of affordability, The Scottish Housing Regulator approval and lender.

Occasionally there may be the need for non-routine capital requirements which should go to the first convenient Management Committee meeting.