



**West
Granton**

Housing Co-op

sustaining and championing the co-operative way

West Granton Housing Co-operative Financial Regulations

This policy was approved by the Committee of Management on 18th November 2020.

It should be reviewed again no later than 2024.

The policy has been assessed through the organisational impact assessment process.

We can produce this document in different formats such as larger print or audio-format; we can also translate the document into various languages, as appropriate.

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1. INTRODUCTION

- 1.1. In accordance with the Rules of West Granton Housing Co-operative Limited the affairs of WGHC are run by a Committee of Management.
- 1.2. These Financial Regulations are a key element of the internal financial control system of WGHC and are designed to help us comply with the Scottish Housing Regulator's Regulatory Standards. The regulations cover financial planning, management, accounting and reporting as well as procurement and treasury management.
- 1.3. These Financial Regulations describe the current Committee of Management Structure, the conduct of Committee Meetings, Committee Responsibilities and the delegated responsibilities of Office Bearers and Senior Staff.
- 1.4. These Regulations set out the guidelines for the conduct of the Co-op's business in accordance with our rules. They provide an agreed framework within which authorised decisions may be taken so that the Co-op aims and objectives may be met.
- 1.5. These Regulations are intended to be proportionate. WGHC is a small RSL, focused on the management and maintenance of our stock. WGHC has a small number of staff and a voluntary committee made up of tenants. There is no value in lengthy, complex, overly detailed policies covering areas unlikely to arise. Where a function, action or practice is not covered within these regulations WGHC will seek to act in accordance with the law and best practice.
- 1.6. Compliance with these financial regulations is compulsory for all Committee Members and Staff.

PRINCIPLES

- 1.7. WGHC's fundamental principle in the management of assets will be minimising risk.
- 1.8. WGHC will however try to ensure a reasonable return on assets and to maximise efficiency, economy and effectiveness in our operations.
- 1.9. WGHC will manage its financial affairs honestly, fairly and prudently. Committee members and staff shall abide by relevant codes of conduct. They will in no instance be guided by personal interest.
- 1.10. WGHC will seek to maximise revenue income in so far as this is consistent with our rent policy and objectives.
- 1.11. WGHC will seek to achieve value for money in procurement of goods and services. We will seek always to act honestly and fairly with both customers and suppliers.

2.6 WGHC does not distribute profits. Any surpluses arising from operational activities shall be used to provide against risk, to construct, maintain and improve housing and to assist in carrying out the objectives of WGHC.

3 LAW, REGULATION AND GUIDANCE

3.1 WGHC aims to comply with all relevant legislation.

The following legislative requirements have been considered in relation to this policy:

- Data Protection Act 1998
- Bribery Act 2010
- Co-operative & Community Benefit Societies Act 2014
- Procurement Reform (Scotland) Act 2014

3.2 WGHC aims to comply with all relevant best practice. The following have been considered in relation to this policy:

- Scottish Housing Regulator: Regulatory Standards of Governance & Financial Management
- Housing SORP 2014: Statement of Recommended Practice for social housing providers

3.3 WGHC has a suite of policies and procedures covering all aspects of our operations. All policies are on the WGHC internal web site. Those most closely linked with this policy are:

- WGHC Committee Member Code of Conduct
- WGHC Staff Code of Conduct
- WGHC Governance Policy
- WGHC Information Policy
- WGHC Rent Policy
- WGHC Maintenance Policy

3.4 Internal procedures linked to this policy include:

- **Finance**
- **Debt Management**
- **Rent Accounting**
- **Receipts and Payment Card**

3.5 The Scottish Social Housing Charter:

The Scottish Government's Social Housing Charter sets out the standards and outcomes that tenants can expect from social landlords. There are no specific standards or outcomes relating to these Financial Regulations.

4. STATEMENT OF DELEGATED AUTHORITY

Table of Delegated Authority

The table summarises delegated authority for financial decision making.

The CEO is authorised to approve detailed procedures relating to the day to day exercise of financial authority and financial record keeping.

Figure 1: Statement of Delegated Authority

Action	Authority	Limit £ (exc. VAT)	Conditions
Financial Planning			
Policies (financial control systems)	Committee		Financial Planning & Control – Section 4.
Procedures	CEO		
Annual budget	Committee		
Project budgets	Committee	Over £50,000	
Annual rent increase	Committee		
Other charges	CEO		
Fixed assets			
Housing Properties	Committee		Assets – Section 5.
Land	Committee		
Housing components Other fixed assets	CEO	Within annual or project budget	
Asset disposals			
Housing properties	Committee		Assets – Section 5.
Other fixed assets	CEO		
Procurement			
Building works Utilities Other goods & services	CEO	Within annual or project budget	Procurement – Section 6.
Treasury Management & Banking			
Loans: new & repayment	Committee		Treasury Management – Section 8.
Opening & closing accounts	Committee		
Transfers between accounts	CEO		
Grants	CEO	Under £20,000	
Payments	CEO		
Payroll	CEO		

5. Responsibilities

5.1 The principle decision making body of WGHC is the Committee of Management. The Committee is legally responsible for ensuring that WGHC has in place a system of controls for: the reliability of financial information; the maintenance of proper accounting records; and the safeguarding of assets. These controls consist of:

- the establishment of formal policies and procedures;
- ensuring an adequate system of reporting, budgeting and planning is in place;
- delegation of responsibility to qualified staff.

5.2 The Co-operative and Community Benefit Act 2014 requires the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the surplus or deficit of the Co-operative for that period. The Committee will approve the financial statements only after receipt of a report from the external auditor.

5.3 The Financial Statements will include the accounting policies of the Co-operative. Any significant change to accounting policy requires the approval of the Committee of Management.

5.4 The Treasurer is an officer of WGHC appointed by the Committee of Management from amongst its members. The Treasurer may advise the Committee of Management on external and internal audit matters. The Treasurer may be authorised to carry out specific tasks on a one off or ongoing basis by the Committee of Management.

5.5 The Chief Executive Officer (CEO) is responsible for the operational and financial management of WGHC including:

- Financial accounting and statements;
- Management accounting and reports;
- Insurance and risk management;
- Payroll and taxation;
- Annual returns to regulatory and statutory authorities;
- Financial and business planning;
- Compliance with covenants.

6. AUDITORS

6.1 Auditors are not responsible for detecting fraud or maladministration. However, if any serious problems or irregularities are uncovered during an audit, the Auditor may contact the Treasurer or the Chairperson directly to report it.

6.2 WGHC is legally required to appoint a suitably qualified company to carry out an external audit of the annual financial statements.

- The Auditor is appointed by the members of WGHC at each Annual General Meeting unless there is a competent and admissible motion to the contrary.
- The external audit involves examining the statements and their underlying records and control systems. The Auditor will comment on the financial statements including the Committee's Statement on Internal Financial Control.
- The Auditor will produce an audit report for committee on any matters arising from the audit.
- The Auditor will attend a meeting of the Audit Committee or the Committee of Management to report on the audit and present the audit report. The Auditor will report in person to the AGM.

6.3 WGHC is not required to carry out internal audits, however it is considered good practice in terms of supporting WGHC's ongoing process of self-assessment. WGHC therefore may from time to time choose to appoint a suitably qualified person or company to carry out internal audit of some or all of WGHC's activities and control systems.

- The same company will not be used as external and internal auditor.
- The purpose of the internal audit will be to examine the way WGHC conducts its business and the strength of internal control systems and to recommend improvements.
- The internal auditor will produce reports on each internal audit carried out and will present these reports to the Committee of Management. The Committee of Management may chose to have an appropriate Sub-Committee set up for the duration of the internal audit. If this is the case, the Sub-Committee will have delegated authority to receive agree the Audit Plan, receive the reports and formally close the Audit process. A full report must be given to the main Committee of Management. They will hold the authority for decision making in regard to any other internal Audit related matter.

7. PLANNING PROCESS

7.1 WGHC will make prudent provision to ensure that we can meet our financial commitments and achieve our objectives. We will do this by integrating financial and risk management into our business planning processes.

7.2 Key stages in the financial planning process include:

- Risk and strategy reviews;
- Audit report;
- Draft budget & rent proposal;
- Tenant consultation on rent proposal;
- Budget approval;
- Business Plan approval;
- Quarterly performance reports.

7.3 The Business Plan will include:

- A summary of the current position including performance information;
- Current opportunities and issues;
- An assessment of financial risks and variables;
- Financial assumptions including inflation and interest rates;
- The objectives of WGHC during the period of the plan;
- Annual budgets approved by Committee;
- Performance Indicators approved by Committee;

8. BUDGETS

- 8.1 Committee shall approve an annual budget which will make adequate provision for operating activities, capital spending and reserves.
- 8.2 Committee must approve project budgets for all contracts or purchases which exceed £50,000.
- 8.3 Committee will receive quarterly budget reports in the Quarterly Management Account Reports.
- 8.4 The CEO may authorise expenditure within budgets. He/she may also authorise expenditure over budget to maintain essential services or carry out essential maintenance.
- 8.5 Any significant variances from budgets (actual or projected) will be reported to Committee on a quarterly basis. Significant variances shall be defined as actual or projected overspends of either £5,000 or 5%, whichever is higher, in relation both to project budgets and to the operating cost centres listed above.
- 8.6 During the year, Committee may authorise changes to budgets to allow for significant changes in budget assumptions or unforeseen events or responsibilities.
- 8.7 The Committee of Management has the authority to overspend on a budget if it is deemed necessary or within the best interest of the organisation. For example, Committee may wish to overspend on the Donations/Sponsorships Budget if an exceptional request for funding was received and it was going to be of tangible benefit to the local community. All such decisions to overspend must be minuted.

9. ASSETS AND HOUSING COMPONENTS

- 9.1 The purchase or disposal of housing properties must be approved by the Committee of Management.
- 9.2 The purchase or disposal of housing components and of other fixed assets may be approved by the CEO subject to any relevant annual or project budget.
- 9.3 The CEO is responsible for maintaining the WGHC's register of land, buildings and other fixed assets.
- 9.4 Fixed (or "non-current") assets are items which are expected to be used for an extended period. The cost is not posted to the income & expenditure account. It is added to the value of the assets in the balance sheet.
- 9.5 The value of an asset is depreciated over its expected life and this annual depreciation is posted as expenditure in the year.
- 9.6 To comply with accounting requirements housing properties are split into component parts. Replacement of these are accounted for as individual fixed assets.

Figure 2: Housing Components

Asset type	Useful economic life in years
Housing components	
Land	Permanent – no depreciation
Structure	50
External render	35
Central heating system excluding boiler	30
Windows	25
External doors	25
Bathroom	20
Kitchen	15
Boiler	15
Lift	15
Other fixed assets	
Office premises	50
Playground equipment	15
White goods & furnishings in flats	6
Office equipment, fixtures & fittings	4

- 9.7 Works which improve housing properties or prolong their life or significantly reduce the maintenance costs may also be capitalised. Where these works add to or significantly improve the properties this will be reflected in an increase in rents.
- 9.8 The CEO will submit an annual report to the Committee on the carrying value of fixed assets and on impairment.
- 9.9 The CEO will secure relevant consents for the acquisition or disposal of any land or property, including the granting of securities over property to guarantee a loan. Disposal of land and buildings must only take place with the authorisation of the Committee. The consent of the regulatory authority may also be required.
- 9.10 The CEO will determine whether to treat an item as a fixed asset. Individual items of less than approximately £500 will normally be treated as current assets and part of operating costs, regardless of expected life.
- 9.11 Assets must not be disposed of to staff, committee members or their close connections. Disposals of fixed assets including equipment and furniture must be recorded in the appropriate register and accounted for in the financial statements.

10. PROCUREMENT

10.1 The procurement of goods or services should be based on achieving value for money by comparison of prices and performance.

10.2 WGHC will not knowingly use any firm in which a member or an employee of WGHC, or close connection of same, is a Director or manager.

10.3 The CEO will set out procedures and forms for procurement of goods and services.

10.4 WGHC may use the Public Contracts Scotland portal to procure goods and services. This may be through the use of Quick Quotes or a full Invite to Tender process. The use of PCS will generally be used over the traditional advertising of Invite to Tenders on websites such as SFHA, etc

11. APPROVED LIST

11.1 WGHC will maintain an approved lists of contractors, suppliers and consultants from whom most works, supplies and services should be procured.

11.2 The Committee must approve any additions to or deletions from the list.

11.3 WGHC staff and committee members will not engage contractors or consultants from WGHC's approved list to carry out work for themselves or on behalf of any other person. Rechargeable repairs may be carried out by approved contractors for committee members who are tenants but only on the same basis as for any other tenant.

11.4 The approved lists will contain a number of large national companies (e.g. Royal Bank of Scotland, BT, IKEA etc.). Staff and committee may use these companies but must ensure they gain no benefits arising through their connection with WGHC.

11.5 Non-list companies may be used where reasonable to do so. This includes:

- large building contracts;
- for low value jobbing works as a trial. If satisfactory the contractor may be proposed for addition to the approved list;
- Specialist works, supplies or services may be procured from outwith the lists if there is no source for these on the list;
- Utilities and other services to achieve value for money;
- Small purchases e.g. office supplies. These should be of relatively low value and the reason for using the supplier should be justifiable.

12. PROCUREMENT AND AUTHORITY METHODS

12.1 The table below sets out further delegated authority and indicates the minimum form of procurement. The CEO may determine if a higher form of procurement is more appropriate in some cases.

12.2 In the absence of the CEO, and where a matter cannot reasonably wait, two members of the Senior Management can act jointly and have the same authority as the CEO. In such cases, both Senior Managers must jointly sign an authorisation. In an emergency, staff may assume a higher level of authority for reasons of health & safety or to secure property. This must be reported to the CEO as soon as practically possible.

Figure 3: Statement of Procurement Authority

Value Excludes VAT.	Source	Procurement method	Authorised Person
Building works (for term contracts the value over 3 years is used)			
Over £4,733,252	Any	EU procurement regulations apply	Committee
Over £2,000,000	Any	Public Contracts (Scotland) Regulations apply	Committee
Under £2,000,000	Any	Competitive tender	CEO
Under £50,000	Approved List	minimum 2 quotes	CEO
Under £25,000	Approved list	minimum 1 quote	CEO
Under £25,000	Non-approved	minimum 2 quotes	CEO
Under £1,500	Approved list	Works order	Maintenance Manager
Under £500	Non-approved	Works order	Maintenance Manager
Under £500	Approved list	Works order	All staff
Public Contracts for Supplies & Services (for term contracts the value over 3 years is used) The CEO may decide to use PCS Quick Quotes or traditional advertising on relevant websites if under £50k and depending on the service being procured.			
Over £189,330	Any	EU procurement regulations apply	Committee
Over £50,000	Any	Public Contracts (Scotland) Regulations apply	Committee
Under £50,000	Any	Minimum 2 quotes	CEO
Under £25,000	Approved list	minimum 1 quote	CEO
Under £25,000	Non-approved	minimum 2 quotes	CEO
Under £500	Approved list	Purchase order	Maintenance Manager

- 12.3 Works or purchase orders in a form approved by the CEO will be used for most day to day purchases. Where the supplier is not on an approved list the reason for selection must be shown on the works order or purchase order:
- 12.4 Contracts will be used for high value works or services or for agreements to provide utilities, works or services over a period of time. Contracts may be in the form of an exchange of letters or a more formal document prepared by WGHC or consultants. All contracts must be signed by the CEO.
- 12.5 Formal tenders will normally be required for works and professional services with an estimated cost more than £50,000 EXCL VAT. The outcome of all such tenders must be awarded and approved by Committee.
- 12.6 Any partnership agreement, term contract or rolling works order to provide utilities, works or services over a period of time will be valued at the cost over **three** years in relation to procurement authority. This includes such services as computer consultancy, utilities, central heating maintenance, landscape maintenance and stair cleaning.
- 12.7 As an alternative to seeking competitive prices or tenders, price negotiation may be appropriate if cost, efficiency and quality can be maximised by negotiation with a specific contractor or consultant. Value for money should be demonstrable by comparison with similar projects, price books or other benchmarks. Written approval is required from the CEO. In these circumstances, if the cost is more than £25,000 (excluding VAT) minuted Committee approval is required.
- 12.8 Expenditure above budget levels may be authorised by the CEO if the works are necessary for reasons of health & safety or urgent operational continuity. This should be reported as soon as possible to the Committee of Management.
- 12.9 In the case of common repairs where WGHC is one of a number of owners, WGHC may accept the majority view of the owners as to how to procure works or services. This must be approved by the CEO.

13. TENDER PROCEDURES

When procuring contracts for goods, services or works, WGHC must comply with the Public Contracts (Scotland) Regulations 2015 (“the Regulations”) and the Procurement Reform (Scotland) Act 2014 (“the Act”).

WGHC is subject to a two-tier procurement regime, in terms of which the Regulations will apply to contracts with a value which meets or exceeds the relevant EU thresholds (currently in 2020 these are £189,330 for supplies or services and £4,733,252 for works) and the Act will apply to contracts with a value below such EU thresholds but with a value which is equal to or greater than the thresholds set out in the Act (£50,000 for supplies or services and £2,000,000 for works).

Referring to the above and the table in Figure 3 (page 12), the EU procurement thresholds values change every 2 years. As of November 2020, these figures as quoted are correct.

The procedure for the award of any contract depends upon the estimated value of that contract. The relevant threshold values and the associated procurement procedure that must be applied are detailed in the table below.

Contract Type	Contract Value	Procurement Procedure
Works	£4,733,252 and above	OJEU Procedure under the 2015 Regulations
Supplies / Services	£189,330 and above	OJEU Procedure under the 2015 Regulations
Works	£2,000,000 to £4,733,252	Regulated procurement under the 2014 Act
Supplies / Services	£50,000 to £189,330	Regulated procurement under the 2014
Works / Supplies / Services	Up to £50,000 (Supplies/Services) or £2,000,000 (Works)	Unregulated procurement

The prescribed threshold values set out in the above table will be automatically revised in accordance with any subsequent amendment to the threshold values set by the EU Commission for supply, services or works contracts

Given the numerous types of values of works and services that WGHC purchases the method by which it uses to procure may vary.

The CEO will follow the procedure as outlined in figure 3 on page 12: The Statement of Procurement Authority Table.

13.1 If two written quotations for a tender are required they should be entered in the tender book. The entry should be signed by two members of staff, one of whom must be the CEO.

13.2 If formal tenders are required, a minimum of three should be invited. If less than two tenders are returned by contractors, the contract must be re-tendered.

13.3 Where Tenders have been advertised using the traditional method of advertising on the SFHA or Scottish Housing News website, then all tenders will be returned by a pre-set date and time, tenders received more than marginally late will be returned unopened.

Tenders where the estimated cost is less than £25,000 (excluding VAT) may be opened by the CEO in the presence of another member of staff as a witness.

Tenders where the estimated cost is £25,000 (excluding VAT) or more must be opened by the Treasurer or Chairperson with the CEO as a witness. Tenders will be recorded in the tender register and entries signed by the person opening the tender and the witness.

13.4 Where Tenders are to be advertised on Public Contract Scotland, WGHC will use a specialist consultant to undertake this work on WGHC's behalf. This is because WGHC does not have staff with the specialist skills to undertake procurement on PCS. This means that all the tenders electronically received will be opened by WGHC's consultant. Whilst WGHC staff may be involved in the scoring of price or quality as part of the tender assessment process, it will be the consultant who will have delegated responsibility to provide WGHC with the final outcome tender report. If the value of the procurement is above £50k then the tender report must be presented to Committee for their consideration and they must approve the award being made to the winning contractor.

13.5 Unless otherwise allowed under the relevant Procurement Regulations, the lowest tender or quotation will be selected unless:

- it has previously been agreed that selection will not be made only based on price and tenderers are aware of this.
- information regarding the tenderers has been received after issue of tenders, which causes doubt about their financial position or level of performance;
- The CEO must approve any decision not to accept the lowest tender or quotation.
- the Committee of Management must also approve any decision not to accept the lowest tender or quotation when the cost is more than £25,000 (excluding VAT).

TREASURY MANAGEMENT

- 14.1 Treasury management is the management of cash, investments and borrowings and the control of financial risk.
- 14.2 The Scottish Housing Regulator recommends that RSLs abide by CIPFA's Treasury Management in the Public Services: Code of Practice. That document is aimed at large public authorities. WGHC will seek to abide by the Code. WGHC is however a relatively small organisation. In relation to treasury management we will aim to keep our arrangements simple, safe and transparent.
- 14.3 The fundamental principle in the management of WGHC borrowing or investments will be the minimisation of risk. WGHC will seek to maximise the return on assets with due regard to this fundamental principle.
- 14.4 Committee approval is required for any borrowing. All borrowing and investments shall be in the name of WGHC and shall conform to any relevant regulatory requirements.
- 14.5 WGHC will seek to achieve a prudent balance of fixed and variable rate loans within our loan portfolio to limit exposure to short term fluctuations in interest rates. Committee approval is required to fix or cap interest rates on loans.
- 14.6 The CEO will regularly monitor liquidity and will endeavour to maintain a minimum balance of cash in hand and in bank to:
 - cover expenditure over the medium term without borrowing;
 - ensure that current assets comfortably exceed current liabilities;
 - ensure loan covenants on interest cover are met.
- 14.7 Cash more than short or medium term needs may be invested in term deposit accounts or other secure investments. Committee approval is required for any investment. Committee approval is required to move cash between banks or building societies.
- 14.8 Committee approval is required to open or close a bank account for dealing with WGHC's funds. All bank accounts shall be in the name of WGHC. Committee will approve bank mandates including authorised signatories for cheques and bank instructions.
- 14.9 The CEO is responsible for the security and banking of all cash and cheques received. All procedures, receipt forms, invoices or other documents in use must have the approval of the CEO.
- 14.10 The CEO is authorised to administer electronic banking within any limits set by the bank mandate approved by Committee. This includes making payments and transferring funds between accounts. The CEO may authorise

other staff to access information or to make payments within reasonable limits.

14.11 All statements in respect of loans, cash, term deposits and investments will be regularly reconciled with the WGHC accounts.

14.12 The CEO is authorised to bid for capital grants for adaptations; and for revenue grants and wider role funding up to £20,000. The CEO may choose to delegate this responsibility to the Maintenance Manager. Bids for grants for capital or revenue projects over £20,000 must be approved by the Committee.

14.13 The CEO is authorised to apply for, accept and draw down all capital and revenue grants and for ensuring that all grants are received and appropriately recorded in the accounts. Again in respect of this work, the CEO may choose to delegate this responsibility to the Maintenance Manager.

PAYROLL

15.1 All staff will be appointed to the grades approved by the Committee and in accordance with EVH salary scales and conditions of service.

15.2 The Committee is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees. The CEO is responsible for day to day pension matters.

15.3 The CEO is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. Wages or overtime based on an hourly rate will be certified by the line manager. All time sheets and other pay documents will be in a form prescribed or approved by the CEO. WGHC may choose to use the services of a 3rd party financial agent for the payroll function. In 2020 and for the foreseeable future, this 3rd party financial agent is Prospect Housing Association.

15.4 The CEO is responsible for keeping all records relating to payroll including those of a statutory nature and for ensuring that all payments of income tax and national insurance are made timeously. The CEO may choose to delegate record keeping responsibilities to the Assistant Finance Officer.

16. TAXATION

16.1 The CEO is responsible for all taxation issues including PAYE, national insurance and corporation tax. This includes maintaining tax records, making payments and submitting tax returns by their due date.

17. RISK MANAGEMENT & INSURANCE

- 17.1 Risk management is the process of seeking to contain and limit the risks to which an organisation is exposed. The essence of the approach is that risks should be identified and steps taken to minimise their likelihood and/or impact.
- 17.2 The CEO will maintain a Risk Register in which key risks and control actions are set out. The register will be reviewed by the Committee and/or Treasurer on an annual basis.
- 17.3 A risk register is simply a business tool and forms only a part of risk management. Identification of risks and of control actions is also a significant element of the financial planning process and of the annual Business Plan.

18. STRATEGIC RISKS

- 18.1 Focus is put on strategic risks during the third and fourth quarters when Committee reviews performance and outlook, sets budgets and performance targets and sets out key tasks and new initiatives in the short and medium term. Strategic risks mainly arise from changes in the external political or economic environment. They include changes in legislation, grant funding or regulatory requirements. They also include interest rates, inflation, pension deficits and taxation.
- 18.2 Whilst we cannot control these risks we can take steps to minimise their impact on WGHC. We will seek to identify, assess and monitor strategic risks. Key assumptions will be approved and set out in WGHC's Business Plan.

19. OPERATIONAL RISKS

- 19.1 Operational risks relate to factors specific to WGHC including the deterioration of housing, operational inefficiency, poor treasury management and loss of key staff. With this type of risk we have scope to reduce the likelihood of problems occurring as well as trying to minimise their impact. Key operational risks are also reviewed by Committee in the business planning process.
- 19.2 The CEO has primary responsibility for managing risk on a day to day operational level. The CEO will use policy, procedures and good practice to maintain a robust set of internal financial controls and to manage identifiable risk. The CEO will report annually on the Risk Register and Internal Financial controls. The Committee will monitor the activities of WGHC and take appropriate action if events significantly alter previous assumptions about the likelihood or effect of risks.

20.INSURANCE: CEO RESPONSIBILITIES

- 20.1 The CEO is responsible for putting in place adequate insurance and for ensuring that adequate measures are taken to ensure security and minimise risk.
- 20.2 Staff must advise the CEO immediately of any event which may give rise to an insurance claim. The CEO will ensure that WGHC's insurers are notified and, if appropriate, a claim is prepared and transmitted to the insurers.
- 20.3 The CEO will keep a register of all insurances effected by WGHC and the property and risks covered.
- 20.4 The CEO is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

21. INSURANCE: STAFF RESPONSIBILITIES

- 21.1 All staff using their own vehicles on behalf of WGHC shall maintain appropriate insurance cover for business use.
- 21.2 Staff are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash etc. under their control. They shall consult the CEO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 21.3 The loss of safe or office keys must be reported to the CEO immediately.

22 ENTITLEMENTS, PAYMENTS & BENEFITS

- 22.1 All RSL's must have a policy on entitlements, payments and benefits. The Scottish Housing Regulator have stated that RSLs may adopt the SFHA model, amend that model, or develop its own policy. This WGHC policy is a simplified version of the SFHA model, appropriate to WGHC's size and operations.
- 22.2 Definitions: the following definitions are assumed for terms used. If in doubt you should check with the CEO who may decide based on good practice.
- **A relative** is any of your relatives by birth or marriage or through a common law relationship e.g. a partner, partner's children etc.
 - **A close connection** includes relatives. It also includes members of your household, close friends and business associates. Also, relatives of any of these groups and anyone who could reasonably be defined as close.
- 22.3 WGHC has approved codes of conduct for committee members and for staff. Each individual must declare any interest in companies or organisations with which WGHC has, or may have, financial dealings.
- 22.4 The codes of conduct also set out principles and guidance in relation to: use of influence; personal interest; and use of resources.
- 22.5 Payments will only be made to staff or committee in certain circumstances:
- Payment of salary, professional fees and other contractual entitlements to employees;
 - Redundancy or voluntary severance payments to employees;
 - Payment of expenses to staff or committee in line with this policy;
 - The cost of training or conferences.
- 22.6 An offer of employment **cannot** be made to the following:
- A committee member or someone who has been a committee member in the past 12 months or a relative of either;
 - Someone closely connected to an existing member of staff
- 22.7 An offer of a tenancy or any repair or payment (e.g. compensation) related to a tenancy **may be made** to a committee member, employee or close connection of either if it is in accordance with policy and procedures and no preference is involved.

- 22.8 Adaptations or improvements to the houses of committee members or employees can be made only in accordance with normal procedures and must be recorded in the register of interests.
- 22.9 A prize available to tenants, members or their families may be made to a committee member or close connection as long as it is made in accordance with agreed procedures and the committee member takes no part in any selection.
- 22.10 WGHC may make certain payments and benefits of modest value (under approximately £50). These may include:
- Gifts made to staff or committee members on special occasions such as on leaving;
 - WGHC promotional material to staff or committee members;
 - Modest hospitality such as a sandwich lunch.
- 22.11 Committee and staff should not accept gifts or hospitality which may give an impression of impropriety or place them under an obligation.
- 22.12 Gifts or hospitality **may be accepted** if the following apply:
- “Thank you” gifts of small value (under approximately £25) from tenants or other sources such as a box of chocolates;
 - Pens, calendars or other promotional materials of small value (under £25);
 - Hospitality, for example a sandwich lunch given before or after a business meeting, of small value (under £25).
- 22.13 Gifts or hospitality **may not be accepted** if the following apply:
- Gifts or hospitality from the same source more than once in a year; however an exception is made if it is a tenant who wishes to gift a box of chocolates or biscuits at Christmas time and then again to a staff member during the year to thank them for providing an exceptional level of service for example;
 - Gifts or hospitality of more than approximately £25;
 - Alcohol;
 - Invitations to lunch, dinner, concerts, sporting events or similar.
- 22.14 Any offer of gifts and hospitality, whether or not accepted, must be reported to the CEO (or delegated employee). Offers which do not comply with the above should be recorded in a register and reported to committee.

- 22.15 If a gift is refused but the giver insists or simply leaves it, the recipient will take it to the CEO who will record it and ensure that it is either returned to the giver or otherwise disposed of and that this is recorded and reported.

23. SPONSORSHIPS AND DONATIONS

- 23.1 Any sponsorship or donation must be approved by the Committee. Sponsorship or donations will be made known to the membership through newsletters, annual report and/or financial statements.
- 23.2 The Co-operative may sponsor or contribute to local clubs, teams, charities or voluntary organisations which have a clear connection to the community in which it operates, within the amount contained in the annual budget for such activities. Only Committee may approve to exceed the budget spend. This would be deemed exceptional and such a decision must be minuted.
- 23.3 If a committee member or employee or close connection of either is involved with such an organisation they must declare an interest and will take no part in any application or decision making process.

24. EXPENSES

- 24.1 Procedures for claiming and paying expenses will be approved by the CEO. **Receipts will normally be required for expenses claims.** Any payment to the CEO must be signed off by a senior staff member.
- 24.4 Staff expenses and allowances will be in accordance with their terms and conditions and either EVH's or HMRC's scale of allowances, whichever is lower.
- 24.5 Committee members are not paid. WGHC will not reimburse members for loss of earnings as they are not expected to take time off work for WGHC business.
- 24.6 Expenses are payable to committee members to cover out of pocket costs incurred while representing WGHC. Where rates are given these are for 2020-21 and will be increased each year broadly in line with RPI.
- 24.7 If a committee member travels on WGHC business:
- Bus fares, 2nd Class rail fares, taxi fares (where reasonable); or
 - Car Mileage allowance equal to the current limit set by HMRC + parking charges where reasonable; or
 - Cycle allowance equal to the current limit set by the HMRC
- 24.8 If a committee member is away from home during the reasonable normal time of breakfast, lunch or evening meal the **actual cost** of the meal will

be reimbursed. No payment is due if a meal is provided (e.g. at a conference or training course) the cost will be subject to a **maximum** of:

- Breakfast - £10.00
- Lunch - £15.00
- Evening Meal - £25.00

24.9 If a committee member represents WGHC at a conference they may reasonably be expected to incur some out of pocket expense and these will be covered by a payment intended to cover estimated reasonable actual costs incurred.

- Each day where there is an overnight stay - £30
- Any other day - £15

24.10 If a committee member needs to pay a childminder or carer to be free to attend committee meetings, WGHC will reimburse the actual cost legitimately and reasonably incurred on production of a signed receipt, subject to a maximum of the Scottish Living Wage (which is £9.30 per hour).

24.11 Payment can be made in respect of childminding by a friend or relation but not a member of the committee member's household. Members should ensure that amounts claimed are paid to the carer or they risk the payments being treated as income by tax or benefit authorities.

25. FRAUD & FINANCIAL IRREGULARITIES

25.1 WGHC will endeavour to achieve the highest possible standards of honesty, integrity and fairness in all its financial activities. It will take swift and effective action in response to any report or suspicion of irregularity, fraud or maladministration.

25.2 These financial regulations include rules relating to procurement, payments and entitlements designed to minimise both the occurrence and suspicion of bribery, fraud or corruption.

25.3 WGHC's codes of conduct also set out guidance and standards of behaviour expected of employees and committee members.

25.4 The CEO is responsible for putting in place procedures, safeguards and controls to minimise the risk of fraud and to maximise the possibility of early detection of fraud including frauds relating to impersonation, mandate, cheques, overcharging and expenses.

25.5 Wherever practical at least two staff members should be involved in the processes of ordering, certifying, payment and verification. This is to reduce the risks of both error and of fraud. During periods of lockdown restrictions

because of the COVID-19 pandemic, it may not always be possible to have two staff members involved. On such occasions, it can only be the CEO who can execute this process solely.

- 25.6 The CEO will maintain a Fraud Register. Any frauds or attempted frauds will be recorded. The Register will be reviewed annually and signed by the Treasurer.
- 25.7 WGHC will report suspicious activity to the Police in relation to possible money laundering or other criminal activity. For example, where a large sum of money is paid in cash to WGHC by a tenant or on behalf of a tenant without a reasonable explanation.
- 25.8 WGHC employees and Committee Members should not give or accept money or any other financial advantage from/to any individual or organisation in relation to the performance of their duties.
- 25.9 In the case of a Committee Member who breaches this policy or the code of conduct, action may be taken as set out in the Governance Policy. This could result in membership of the committee being terminated.
- 25.10 In the case of a member of staff who breaches this policy or the code of conduct, the staff Disciplinary Procedures will apply. This could result in employment being terminated.
- 25.11 Both Committee Members and Staff, in extreme cases, could also be prosecuted for fraud or corruption.

26. Whistleblowing and Notifiable Events

- 26.1 The WGHC Governance Policy includes a policy on Whistleblowing. This gives guidance on how staff or committee can raise suspected fraud or other forms of malpractice and sources of external advice.
- 26.2 The WGHC Complaints Handling Procedure sets out the ways in which tenants or others affected by our activities may raise concerns about irregularities or malpractice.
- 26.3 Tenants may approach the Scottish Housing Regulator if they believe there is a serious performance failure at WGHC. This includes where governance or financial procedures are inadequate or are not applied.
- 26.4 The Scottish Housing Regulator must be advised by WGHC when certain events occur which threaten the reputation, financial stability or level of performance of the Co-operative. These are called “Notifiable Events”. The following are examples of notifiable events related to finance:
- Fraud or the investigation of fraud;
 - Breach or potential breach (including, for the avoidance of doubt, technical breaches) of any banking covenants;
 - Serious financial loss; actual or potential;
 - Default or financial difficulties of major suppliers or service providers;
 - Any material reduction in stock or asset values, actual or potential;
 - Serious concerns raised by lenders or auditors;
 - Serious and immediate potential cashflow issues.

27. DELEGATED AUTHORITY WITHIN THE SENIOR MANAGEMENT TEAM

27.1 The Senior Management Team is made up of:

- The Governance & Compliance Manager
- The Maintenance Manager and
- The Housing Manager

The SMT are directly accountable to the CEO and is in place to support the CEO in her role.

27.2 In the absence of the CEO and a financial decision, or any other important business decision which needs to be made and it cannot reasonably wait, then two or more members of the Senior Management Team are required to discuss and agree on the action to be taken in absence of the CEO. A filenote recording this decision must be produced and signed off by the relevant members of the SMT. Alternatively a full electronic audit trail of emails noting the decision and the agreement by all SMT members involved may be used as evidence. Copies of the signed filenote or email audit trail must be passed to the CEO for attention on her return.

27.3 Decoration Vouchers

In accordance to and relating to Section 2.4 of the Tenancy Management Policy:

- The Housing Manager may approve the use and purchase of decoration vouchers up to the value of £500.
- The Maintenance Manager may approve the use and purchase of decoration vouchers up to the value of £500.
- The CEO must approve the use and purchase of decoration vouchers over the value of £500.
- In the absence of the CEO, two or more members of the Senior Management Team may approve the value of decoration vouchers over the value of £500 but must follow the procedure in 26.2 above.

27.4 Rent Refunds

For further information refer to WGHC

- The Housing Manager may approve rent refunds up to the value of £1,000.
- The CEO must approve any rent refunds over the value of £1,000.
- In the absence of the CEO two or more members of the Senior Management Team may approve the refund over the value of £1,000 but must follow the procedure in 26.2 above.

27.5 Disciplinary Action

For further details refer to the WGHC Staff Policy.

- The Housing Manager may issue an Informal Action Note and Stage 1 Written Warning.
- The Maintenance Manager may issue an Informal Action Notice and Stage 1 Written Warning.
- The CEO may issue an Informal Action Note, and both a Stage 1 and Stage 2 Written Warning. In absence of the CEO any two members of the SMT acting jointly may carry out a Stage 2 Disciplinary Hearing and issue a Stage 2 warning. Section 26.2 above must be adhered to on such an occasion.
- Only the staffing sub Committee have the authority to hold a Stage 3 Disciplinary Hearing and make a decision accordingly.

27.6 Recruitment, Selection and Appointment of New Staff

Any member of the Senior Management Team may be involved in the recruitment, selection and appointment of a new staff member unless it involves the recruitment of a staff member above EVH Grade 8.

27.7 Implementing Committee Decisions

Members of the Senior Management Team may implement decisions made by the Committee of Management.

27.8 Committee Business

In the absence of the CEO or from the CEO choosing to delegate the following, any members of the Senior Management Team may:

- Host a scheduled Committee Meeting in the absence of the CEO ensuring it is in accordance with WGHC's Standing Orders
- Ensure all agendas, papers and minutes and papers are produced and issued in accordance with WGHC's Standing Orders
- Supervise the security and use of the Company Seal for stamping Membership Certificates
- Co-ordinate the preparation and submission of all necessary reports to the Financial Conduct Authority, Scottish Housing Regulator, the Scottish Information Commissioner's Office and any other relevant statutory authority.
- Maintain the Register of Members
- Ensure compliance with the WGHC Rules

- Ensure compliance with all WGHC Policies and Procedures

27.9 Specifically, the Housing Manager has the authority to:

- Authorise expenditure from the training budget for the HM Team
- Authorise the allocation of properties in accordance with WGHC Allocations Policy
- Award any discretionary points or banding with the Allocations Policy
- Take any emergency or short-term action as may be necessary to ensure the effective implementation of WGHC's housing policies, reporting as required to Committee on any such action taken;
- Sign off a Notice of Proceedings for Rent Arrears and/or Anti Social Behaviour; but noting that Committee approval is required before any legal action is raised on the grounds of anti social behaviour
- Make arrangements for consultation with tenants and the wider community on housing management related matters.
- Manage the nomination and management agreements with other RSLs and other agencies
- Enforce decrees after the CEO has approved a decree should be enforced
- Authorise expenditure as provided for within the annual budget, in accordance with these Financial Regulations
- Sign off the timesheets for the staff within their team and any other staff member who is Grade 8 or below.
- Confirm payroll arrangements with the CEO in relation to the staff within their team including sick pay, holiday pay, etc

27.10 Specifically, the Maintenance Manager has the authority to:

- Deal directly with compensation claims from tenants in respect of Section 5 of the Scottish Secure Tenancy Agreement up to the value of £350. Anything over the value of £350 must be approved and countersigned by the CEO.
- Use a WGHC credit card which will have a credit limit of no more than £250 for the purpose of purchasing gas and electricity online for void properties
- Amend design criteria and specifications for works as is required

- Apply and accept an offer of grant from the City of Edinburgh Council in relation to Stage 2 or Stage 3 Adaptations
- Decide on the standards of stair cleaning, estate cleaning, grass cutting and landscaping
- Make arrangements for consultation with tenants and the wider community on maintenance matters
- Authorise expenditure as provided for the within the annual budget, including signing cheques and in accordance with these Financial Regulations
- Sign off the timesheets for the staff within their team and any other staff member is below Grade 8.
- Carry out the Return to Work Interviews for staff within their any team and any other staff member who is below Grade 8.
- Approve holiday and TOIL for the staff within their team and any other staff member below Grade 8.
- Confirm payroll arrangements with the CEO in relation to the staff within their team including sick pay, holiday pay, etc
- Approve holiday and TOIL for the staff within their team and any other staff member below Grade 8.

27.11 Specifically, the Governance & Compliance Manager has the authority to:

- act jointly with another member of the Senior Management Team to make a decision or take action in accordance with these Financial Regulations, in the absence of the CEO. Regard to Section 26.2 must be always be given and adhered to
- Authorise expenditure as provided for within the annual budget, sign cheques and also authorise electronic Bankline Payments under the dual authorisation system; certify invoices for payment, especially Corporate Invoices (but may also include Maintenance and Repairs Invoices in the absence of the Maintenance Manager);
- Approve the Assistance Finance Officer to transfer money between accounts in the absence of the CEO.
- Produce, distribute and sign off the timesheets for any staff member who is Grade 8 and below.

- Carry out the Return to Work Interviews for staff within their any team and any other staff member who is below Grade 8.
- Confirm payroll arrangements with the CEO in relation to the staff within their team including sick pay, holiday pay, etc
- Approve holiday and TOIL for any staff member Grade 8 and below.