



Ayrshirehousing

GROUP FINANCIAL REGULATIONS

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Approved: May 2008 (complete replacement)

Revised: March 2010, August 2014, January 2019 and February 2022 (approved at Board meeting 23 February 2022)

Current to: January 2025

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FINANCIAL REGULATIONS

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AYRSHIRE HOUSING GROUP FINANCIAL REGULATIONS

1 INTRODUCTION

- 1.1 The Financial Regulations form part of the overall system of financial and management control. Adherence to these Regulations will ensure that all the Group's financial transactions are conducted in a manner which demonstrates proper financial stewardship and accountability.
- 1.2 These regulations apply to all parts of the Ayrshire Housing group (i.e., Ayrshire Housing (the parent), and Ayrshire Homestake Ltd (the subsidiary). Inter-group agreements are in place to ensure that the subsidiary observes the general standards and best practice of Ayrshire Housing as a registered social landlord. The purpose of the regulations is to provide the basis for the delegation of financial management and control, and investing, borrowing and treasury management functions. They are the principles that must be applied to all specific procedures involving finance. They apply to all parts of the group and give its Boards and employees clear delegated authority limits, to make decisions and to commit the group to expenditure.
- 1.3 The regulations are complementary to the detailed financial procedures approved by the Board. The detailed procedures are contained in a separate document. It is the responsibility of the Head of Finance to prepare and maintain the Group's financial procedures, which shall be available to all departments and all group members.
- 1.4 Compliance with the Financial Regulations is compulsory for all staff. Failure to do so may result in disciplinary action. It is the responsibility of senior managers to ensure that their staff are made aware of the existence and content of the Financial Regulations. Staff must also adhere to all policies which relate to financial matters (e.g., Disclosure of Interest) and the respective Code(s) of Conduct for Board and staff members.
- 1.5 It is the responsibility of all employees to report instances of non-compliance with Financial Regulations to their Line Manager or to any member of the Senior Management Team. The Director, Head of Finance, or Ayrshire Housing's External or Internal Auditors shall report serious non-compliance to the Group Audit Committee.
- 1.6 The Group Audit Committee is responsible for the periodic review of the Financial Regulations and Delegated Authorities and making recommendations to the Board. The Board retains ultimate responsibility for the Financial Regulations and Delegated Authorities.
- 1.7 Delegated Authorities outside of the Financial Regulations are set out in the Group's Delegated Authorities.

2 FINANCIAL CONTROL

2.1 THE BOARD

2.1.1 Ayrshire Housing's Board has ultimate responsibility for the Group's finances. Its financial management and control, borrowing and treasury management, and performance monitoring functions are to:

- Annually review the long-term financial plan and risk strategy.
- Approve the Operating Budgets and Cash Flows of Ayrshire Housing and its subsidiary companies.
- Approve the Group's Treasury Management Policy.
- Approve the annual financial statements for Ayrshire Housing and consider the financial statements for the subsidiaries and any consolidated statement for the Group. It shall also recommend to the Annual General Meeting the appointment of the Auditors. These tasks shall normally be delegated to the Audit Committee.
- Approve any new initiatives (housing or development) that are not within the agreed plans (i.e., The Business Plan and Operating Budget).
- Approve all Group borrowings that are outside the scope of the approved Treasury Management Policy.
- Approve the Group's Rent Policy annually.
- Approve all stock transfers and property disposals within the Group.
- Approve any decisions not delegated to the Group Audit Committee, subsidiary Boards or staff.
- Monitor key performance indicators for Ayrshire Housing and its subsidiary companies.
- Undertake an annual performance review covering key performance indicators of Ayrshire Housing and its subsidiary company and those indicators and targets contained in the Business Plan and Operating Budget.

2.2 GROUP AUDIT COMMITTEE

2.2.1 The Board may delegate certain responsibilities to the Group Audit Committee and shall define its composition and purpose, i.e., to ensure a consistent and integrated approach to auditing across the group to reflect the principles of the intra-group agreements.

2.2.2 The Group Audit Committee reports to the Boards of the group as appropriate. It has the right of access to obtain all the information it considers necessary and to consult directly with the External and Internal Auditors.

2.2.3 The Group Audit Committee is responsible for identifying and approving appropriate performance measures for external and internal audit and for

monitoring the Auditors' performance. It must also satisfy itself that the Board is able to give an annual statement of assurance in respect of financial control systems.

2.3 AUDIT REQUIREMENTS AND ARRANGEMENTS

2.3.1 External Auditors and Internal Auditors shall have authority to:

- Access the Group's premises at reasonable times.
- Access all records, documents and correspondence relating to any financial and other transactions of the Group.
- Require and receive such explanations as are necessary concerning any matter under examination.
- Require any employee of the Group to account for cash, assets, stores or any other Group property under their control.
- Seek access to any records concerning the Group belonging to third parties, when required.

2.3.2 The Head of Finance shall determine the financial management information and records to be maintained to ensure compliance with the requirements of statutory agencies and authorities. It is the responsibility of the Head of Finance to ensure that:

- All accounting requirements, whether statutory or laid down by the professional accounting bodies, funders or the Scottish Government are adhered to.
- Accounting transactions are accurately recorded.
- Financial management information is accurate and prepared on a timely basis.

2.3.3 The Head of Finance is responsible for drawing up a timetable for the preparation and audit of the Group's financial statements and shall advise staff and the external auditors accordingly.

2.3.4 The Group Audit Committee shall review the annual financial statements and the Auditor's Report to Management. On the recommendation of the Group Audit Committee they shall be submitted to the Boards for approval.

2.4 EXTERNAL AUDIT

2.4.1 The appointment of external auditors shall take place annually at the AGMs of the Group members and it is the responsibility of the Boards to make recommendations following advice received from the Group Audit Committee.

2.4.2 The primary role of external audit is to report on the Group's financial statements and to carry out such examination of the statements and

underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties shall be in accordance with advice set out in the Code of Audit Practice and the Auditing Practices Board's auditing standards.

- 2.4.3 Each year the Group Audit Committee shall review the performance of the External Auditors and, provided their work is of a sufficiently high standard and reasonably priced, shall recommend that the Boards reappoint them. In addition, the Group Audit Committee shall carry out a comprehensive review of the service provided every five years and arrange for a competitive tendering exercise, or confirm the extension of the External Auditor's appointment, as appropriate.

2.5 INTERNAL AUDIT

- 2.5.1 The internal auditors are appointed by the Group Audit Committee, jointly on behalf of the Boards. Our in-house Performance and Quality team will carry out the internal audits, augmented by external consultants with particular specialisms as and when required,
- 2.5.2 The main responsibility of internal audit is to provide the Board, Director and senior managers with assurances on the adequacy of the internal control system.
- 2.5.3 The programmes of internal audit work shall be independently assessed and agreed by the Group Audit Committee on behalf of the Board. The internal audit service shall remain independent in its planning and operation and has direct access to the Board, Group Audit Committee and Director.
- 2.5.4 The Internal Auditors shall comply with the Auditing Practices Board's auditing guideline Guidance for Internal Auditors.
- 2.5.5 Each year the Group Audit Committee shall review the performance of the Internal Auditors (if external appointments have been made) and, provided their work is of a sufficiently high standard and reasonably priced, shall recommend that the Boards considers using them again if required.

2.6 OTHER AUDITORS

- 2.6.1 The Group may, from time to time, be subject to audit or investigation by external bodies such as H.M. Revenue and Customs and the Scottish Housing Regulator (SHR) who have statutory rights of access.

2.7 REGULATORY BODY

2.7.1 Ayrshire Housing is regulated by the SHR and OSCR. It complies with all their reporting requirements.

2.7.2 Ayrshire Housing will procure through an intra-group agreement that any subsidiary will observe the standards and best practice of a registered social landlord.

2.8 RESPONSIBILITIES

2.8.1 THE DIRECTOR

2.8.1.1 The Director assists the Board in determining its strategic objectives and promoting the achievement of such objectives through the effective deployment of the Group's resources. The Director has overall responsibility for the management of the Group's operations within the terms of the intra-group agreements.

2.8.2 THE HEAD OF FINANCE

2.8.2.1 The Head of Finance is responsible to the Director. The Head of Finance has overall day-to-day responsibility for financial management, financial performance and treasury management, including:

- Overall responsibility for financial business planning, budgeting, forecasting and the management accounts for the Group.
- Providing accounting services across the Group including the preparation of annual consolidated financial statements in accordance with statutory and internal requirements.
- Monitoring of financial performance.
- Producing financial reports and presenting them to the Boards of Ayrshire Housing and its subsidiary companies, as necessary.
- Developing and maintaining financial procedures and regulations.
- Ensuring all relevant financial returns are submitted to the Group's regulators.
- To appraise and analyse fully the strategic and financial effects of new business proposals.
- To take overall responsibility for long term borrowings and investments and devising, reviewing and implementing a Group Treasury Management Policy.
- To advise on, and implement, a comprehensive Treasury Management strategy.

2.8.3 SENIOR MANAGERS

- 2.8.3.1 Senior managers are responsible to the Director for financial management and administration in their own departments or subsidiary companies.
- 2.8.3.2 The Head of Finance shall provide appropriate advice to the Senior managers in executing their financial duties. The Head of Finance shall also provide all departments and subsidiary companies with regular financial reports.
- 2.8.3.3 Senior managers are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.
- 2.8.3.4 Senior managers are accountable for all operational budgets devolved to their departments.

2.9 BUDGETING

2.9.1 RESOURCE ALLOCATION

- 2.9.1.1 The Board shall approve an annual Operating Budget. The Board may allocate additional resources, as required.

2.9.2 BUDGET PREPARATION

- 2.9.2.1 It is the responsibility of the Head of Finance to prepare annual capital, development and revenue budgets for the Group and to ensure that such budgets are within policy guidelines and consistent with the Group's financial forecasts and loan covenants.
- 2.9.2.2 Senior Management Team members are responsible for preparing budgetary estimates for their own areas in collaboration with the Head of Finance. The annual Operating Budget shall be reviewed and agreed by the members of the Senior Management Team, prior to submission to the Board for approval. The Group shall operate a system of devolved budgeting placing responsibility on Heads of Departments to effectively manage their individual budgets.
- 2.9.2.3 The annual Operating Budget shall be reviewed and approved by the Board before the start of each financial year. Once approved the budget is the basis for authority to spend up to the agreed amount.

2.9.2.4 With respect to Ayrshire Homestake Limited, it is the responsibility of its Board to approve a detailed operating budget for its own activities within the limits set in the Group operating budget.

2.9.3 BUDGETARY CONTROL

2.9.3.1 The control of income and expenditure, within the approved annual Operating Budget, is the responsibility of the designated budget holder who must ensure that day-to-day monitoring is undertaken effectively.

2.9.3.2 Budget holders are responsible to their Senior Managers for the income and expenditure appropriate to their budget. The budget holder shall be assisted in this duty by management information provided by the Head of Finance. The types of management information available to different levels of management are described in the Group's detailed financial procedures together with the timing at which they can be expected.

2.9.4 CHANGES TO BUDGET

2.9.4.1 It is the responsibility of members of the Senior Management Team to draw the attention of the Head of Finance to any instance where expenditure is likely to be over or significantly under budget or income is likely to be under or significantly over budget.

2.9.4.2 Members of the Senior Management Team shall be responsible for ensuring that individual budget headings are managed within the totality of their department's Revenue or Capital budgets. Revenue and Capital Budgets must be disaggregated for all budgetary purposes. Any changes to existing budgets and any new items, which would exceed the totality of the resources available, must be formally approved by the Board.

2.9.4.3 Virements (being the ability to transfer budget from one allocated budget line to another) shall be kept to a minimum and can only be made where the totality of resources approved by the Board is not exceeded. Virements across budget lines within a department requires the approval of the Departmental Senior Manager.

2.9.4.4 All virements between departments are subject to the approval of the relevant senior managers and the Head of Finance and must not detrimentally affect service delivery or output performance, be consistent with the Business Plan and adhere to all financial principles and procedures. The Head of Finance shall ensure

that the Operating Budget is maintained throughout each financial year to reflect all agreed movements in budget lines and that a summary of such movements is reported to the Board as part of the management accounts.

2.10 FINANCIAL PLANNING

- 2.10.1 The Head of Finance is responsible for preparing long-term financial forecasts for approval by the Board for at least the period required by the regulatory body and funders. Financial plans shall be consistent with the strategic plans and the development strategy approved by the Board.

2.11 FINANCIAL STATEMENTS

- 2.11.1 The Group's financial statements shall be prepared on a historical cost basis of accounting as modified by the revaluation of housing property and in accordance with applicable accounting standards.
- 2.11.2 The Group's financial statements shall be prepared for the financial year ending 31st March, in the format required by the Statement of Recommended Practice (SORP) on Accounting for Registered Social Landlords published by the NHF.
- 2.11.3 Where required the Group's consolidated financial statements shall consolidate the financial statements of Ayrshire Housing and all its subsidiary companies for the financial year.

2.12 STATUTORY FINANCIAL RETURNS

- 2.12.1 The Head of Finance shall be responsible for ensuring that all statutory financial monitoring returns, including those required by the Scottish Government, are accurately prepared and submitted to the relevant organisations within the time limits specified.

2.13 FINANCIAL DOCUMENTS

- 2.13.1 The Head of Finance is responsible for the retention of financial documents. These shall be kept in a form acceptable to the relevant authorities and compliant with the requirements of the Data Protection Act.
- 2.13.2 The Group is required by law to retain prime documents, these include:
- Accounts raised, copies of receipts, suppliers invoices and payroll records (six years).
 - VAT records (three years).

2.13.3 The Group shall retain all other financial documents for a minimum of three years.

3. INCOME, BANKING ARRANGEMENTS AND TREASURY MANAGEMENT

3.1 GENERAL

3.1.1 The Head of Finance is responsible for ensuring that appropriate procedures are in operation to enable the Group to receive all income, including income from the provision of external services, to which it is entitled. All receipt forms, invoices, tickets or other official financial documents in use must have the approval of the Head of Finance.

3.1.2 Levels of charges, rents and lettings shall be in accordance with the Group's policies and procedures and shall be approved by the Board.

3.1.3 The Head of Finance is responsible for the prompt collection, security and banking of all income received.

3.1.4 The Head of Finance is responsible for ensuring that all grants notified by the regulatory body and other bodies are received and appropriately recorded in the Group's accounts.

3.1.5 Senior managers are responsible for ensuring that all claims for funds in their areas are made by the due date.

3.2 CASH RECEIPTS

3.2.1 All monies received from whatever source must be recorded by the Finance Department daily, together with the form in which they were received. An authorised receipt shall be issued for all cash.

3.2.2 No deductions may be made from any cash on behalf of the Group prior to paying into the bank.

3.2.3 Personal or other cheques must not be cashed out of money received.

3.3 RENTS

3.3.1 The procedures for collecting rents must be approved by the Head of Finance in consultation with the Head of Housing and Communities. The Head of Housing and Communities shall ensure that:

- Swift and effective action is taken to collect overdue rents in accordance with the Group's formal procedures.
- Outstanding rents are monitored and appropriate reports are prepared for relevant managers and staff, and performance is reported to Senior Management Team and the Board.

3.4 THE COLLECTION OF DEBTS

3.4.1 The Head of Finance shall ensure that debtor's invoices are raised promptly in respect of all income due to the Group.

3.5 APPOINTMENT OF BANKERS

3.5.1 The Board is responsible for the appointment of the Group's bankers. The appointment shall be reviewed regularly after which consideration shall be given to competitively tendering the service or confirming the extension of the existing arrangements.

3.6 BANKING ARRANGEMENTS

3.6.1 The Head of Finance is responsible for ensuring that all bank mandates are agreed by the Boards and are properly notified to the bank. Only the Head of Finance may open or close a bank account for dealing with the Group's funds or funds held on behalf of customers in designated customer accounts. All bank accounts shall be in the name of Ayrshire Housing or one of its subsidiary companies.

3.6.2 The Head of Finance is responsible for liaising with the Group's bankers in relation to its bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Head of Finance, who shall make proper arrangements for their safe custody.

3.6.3 All cheques drawn on behalf of the Group must be signed in the form approved by the Board. Details of approved signatories for all types of payment including BACS and CHAPS are set out in Appendix 4 to these regulations.

3.6.4 The Head of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review.

3.6.5 The Head of Finance is responsible for the management of the Group's cash flow.

3.7 TREASURY MANAGEMENT

3.7.1 Treasury management shall be conducted in accordance with the Treasury Management Policy, as approved by the Board, and within treasury management finance procedures maintained by the Head of Finance. The Head of Finance shall report to the Board on treasury management activities.

3.7.2 All monies in the hands of the Group shall be aggregated, where possible, for the purposes of treasury management. The use of intra Group lending is permitted where it reduces external financing charges.

- 3.7.3 The responsibility for cash flow planning, monitoring and reporting shall rest with the Head of Finance. The cash flow forecast shall be reviewed quarterly. Longer-term cash flow forecasts shall be produced in accordance with business planning requirements and the Treasury Management Policy.
- 3.7.4 The Head of Finance shall ensure that an effective borrowing policy, including the management of interest rate risk, for funding both short and long-term requirements is maintained.
- 3.7.5 The Head of Finance shall be the lead officer in determining sources of funding and negotiating the detailed terms of each loan agreement.
- 3.7.6 The Board shall agree the strategy by which the Head of Finance undertakes detailed decisions on borrowing.
- 3.7.7 The Head of Finance shall maintain a record of loan covenants and obligations and be responsible for providing the information required to lenders.
- 3.7.8 The Head of Finance shall deal with the investment of any cash surpluses for periods of up to twelve months. For any longer periods, the Head of Finance shall consult with the Board.
- 3.7.9 Investment of cash surpluses shall only be permitted in the institutions and to the limits set out in the Treasury Management Policy. A periodic review of these institutions shall be carried out and the results reported to the Board, who shall approve any changes.
- 3.7.10 Signatories for the certification of security-related documentation and the drawdown of loan finance from lending organisations shall be those signatories authorised by the Board. The current relevant signatories are set out in Appendix 1.
- 3.7.11 The Head of Finance shall maintain a register of the Group's loans and charges.

4 EXPENDITURE

4.1 GENERAL

- 4.1.1 The Head of Finance is responsible for making payments to suppliers of goods and services to the Group.

4.2 AUTHORITIES

- 4.2.1 The senior managers are responsible for purchases within their department. Purchasing authority may be delegated to named individuals (or budget holders) within the departments.
- 4.2.2 The Head of Finance shall maintain a register of authorised signatories including limits. Authorised signatories must supply the Head of Finance with specimen signatures. Any changes to signatories and limits must be approved by the Head of Finance. The delegated authorities are set out in Appendix 1. The authorised signatories for the standard financial and capital funding (development) Scottish Government returns are set out in Appendix 3.
- 4.2.3 All financial commitments shall be initiated by the issuance of works or purchase orders for all goods, services and supplies.

4.3 PETTY CASH

- 4.3.1 Petty cash shall be controlled through the Imprest system. Detailed guidance shall be issued by the Head of Finance and is contained in the Group's Financial Procedures.
- 4.3.2 At the end of the financial year a certificate of the balances held shall be completed by the member of staff responsible for the float and countersigned by the Departmental Manager.

4.4 PURCHASE ORDERS

- 4.4.1 The ordering of goods and services shall be in accordance with the Group's detailed finance procedures.
- 4.4.2 Official orders must be used for the purchase of all goods or services, except those made using petty cash, or for public utility services and annual maintenance contracts.
- 4.4.3 Goods and services ordered either by telephone, fax or e-mail **must** be subsequently confirmed by an official order.
- 4.4.4 All orders placed must clearly state:
- Supplier/contractor name.
 - Goods/services being procured.
 - Price and quantity of items being ordered.
 - Full Nominal Ledger account code.

4.4.5 Orders must also be authorised by the appropriate signatory as set out in Appendix 1.

4.5 CONTRACTS AND TENDERING

4.5.1 The Group's specific contract and tendering systems and procedures are set out in the Tendering Procedure at Appendix 5 to these Regulations. The associated authorisation limits are set out in Appendix 1 to these Regulations.

4.6 PAYMENT FOR WORKS, MATERIALS, SERVICES AND SUPPLIES

4.6.1 The procedures for making all payments shall be in a form specified by the Head of Finance.

4.6.2 The Head of Finance is responsible for deciding the most appropriate method of payment for categories of invoice. Payments to suppliers shall normally be made by BACS or cheque. In exceptional circumstances the Head of Finance shall prepare cheques for urgent payments. Payments for the purchase of land and buildings may also be made by CHAPS.

4.6.3 Payments made by cheque, BACS or CHAPS shall be approved by those signatories authorised by the Board and shall be supported by appropriately authorised invoices/documentation.

4.6.4 Payments made by company credit cards shall be approved by the card holder and shall be supported by appropriate invoice/documentation. In certain circumstances administration staff can use the administration card to order goods with the prior approval of a senior manager and authorised purchase order.

4.6.5 Suppliers shall be instructed by the budget holder to submit invoices for goods or services to the Finance Department.

4.6.6 Senior Managers are responsible for ensuring that expenditure within their department does not exceed funds available.

4.6.7 The Head of Finance shall only make payments against invoices, which have been certified for payment by the appropriate authorised signatories. Certification of an invoice shall involve at least two officers in the process and shall 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 order.
- Invoice details (quantity, price, and 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.
- An appropriate analysis code including cost centre is quoted. This must be one of the cost centre codes included in the budget holder's area of responsibility and the analysis code must correspond with the types of goods or services described on the invoice.

4.6.8 Invoices must be passed to the Finance Department as soon as they have been certified. Care must be taken by the budget holder to ensure that discount receivable is obtained.

4.6.9 Under no circumstances shall invoices for works, materials, services or supplies be prepared on behalf of external contractors by an employee of the Group.

4.6.10 Payment to suppliers shall be made on the basis of original invoices. Copy invoices may only be processed for payment if they have been received from the supplier, been matched to the supplier account and the Finance Department has confirmed that the relevant invoices have not already been paid.

4.6.11 The Department from which an order originates shall be responsible for passing the related invoice for payment and shall insert or confirm as accurate all necessary information, including the coding and any VAT amounts on the payment instruction. The authorised signatory shall also ensure that the works, materials, services and supplies have been satisfactorily received and that the invoice has not been previously passed for payment.

4.6.12 Invoices shall be passed promptly to the Finance Department, together with any supporting documentation, for checking. The Finance Department shall be entitled to any further information or explanations as may be requested. Invoices shall be input for payment promptly but shall be scheduled for payment taking into account any credit terms which may have been negotiated or agreed.

4.6.13 Any amendment to an invoice or payment instructions made by an officer shall be initialed by that person and the reason stated where not obvious.

4.6.14 Where interim or on-account contract payments are made these shall require a certificate signed by the relevant member of the Senior Management Team, manager, or consultant acting as principal or agent, showing the total amount of the contract, value of work carried out to date,

amount (if any) already paid, amount certified as now due and retention money (if any).

5 SALARIES AND WAGES

5.1 GENERAL

- 5.1.1 The Head of Finance is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All time sheets and other pay documents shall be in a form prescribed or approved by the Head of Finance.
- 5.1.2 The salary scales and other benefits for all posts shall be approved by the Director under their delegated authority from the Boards. The Boards shall set the salaries paid to the Senior Management Team members in consultation with EVH. The Senior Management Team shall set the salary to be paid to each employee, within the approved EVH scales.
- 5.1.3 All authorisations to recruit shall be certified by the Director and the respective Senior Manager.
- 5.1.4 All contracts of employment shall be certified by the Director or in his/her absence by the appropriate Senior Manager.
- 5.1.5 The Head of Finance must be notified immediately of all matters affecting:
- Appointments, resignations, dismissals, supervisions, secondments and transfers.
 - Absences from duty for sickness or other reason, where this affects their salary.
 - Changes in remuneration including normal increments and pay awards.
 - Information necessary to maintain records of service for superannuation, income tax, national insurance, etc.
- 5.1.6 The Head of Finance is responsible for payments to all part-time employees and casual workers and for informing the appropriate authorities of such payments. All such payments shall be included on the payroll, as appropriate.
- 5.1.7 The Head of Finance shall be responsible for keeping all records relating to payroll including those of a statutory nature.
- 5.1.8 All payments must be made in accordance with the Group's detailed payroll procedures and comply with Inland Revenue regulations.
- 5.1.9 The Boards, acting within the limits of the Groups Business plan, shall be responsible for any changes to the staff complement, based on

appropriate information and analysis provided by the Senior Management Team.

5.2 PENSIONS

5.2.1 The Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

5.2.2 The Head of Finance is responsible for day-to-day pension matters including:

- Paying of contributions to various authorised pension schemes.
- Preparing the annual return to various pension schemes.

5.3 TRAVEL, SUBSISTENCE AND OTHER ALLOWANCES

5.3.1 All claims for the payment of travel, subsistence and other allowances shall be completed in a form approved by the Head of Finance.

5.3.2 Claims by members of staff must be certified by their Line Manager (or in the case of the Board members and the Director, the respective company secretaries). The certification shall be taken to mean that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Group.

6 ASSETS

6.1 LAND AND BUILDINGS AND OTHER TANGIBLE FIXED ASSETS

6.1.1 The purchase, lease or rent of land and buildings and other tangible fixed assets can only be undertaken as part of an approved capital or revenue budget and shall be in accordance with the approved limits as set out in Appendix 1.

6.1.2 The Director is responsible for providing regular statements concerning all capital expenditure to the Board for monitoring purposes.

6.1.3 The Head of Finance shall maintain a fixed asset register(s) in respect of all freehold and leasehold office properties, fixtures, fittings, furniture and computer and other equipment.

6.1.4 The Head of Finance shall maintain a record/(s) of all housing and other let schemes and properties in the ownership or management of the Group.

6.1.5 The Director or Project Manager shall ensure that a running record of the cost of each development under construction is maintained. These records shall include an estimate of the costs to completion and shall be reconciled with the original costing on a periodic basis.

6.1.6 The Group's property shall not be removed other than in the course of the Group's normal business or used other than for the Group's purposes without the specific approval of the Director.

6.2 ASSET AND INVENTORIES DISPOSALS

6.2.1 Disposal of land and buildings, including Right to Buy and Shared Ownership disposals, and other tangible fixed assets and inventories must be in accordance with detailed financial procedures and within the authorisation limits as set out in Appendix 2.

6.2.2 Irrecoverable rent arrears shall be written off in accordance with the authorisations as set out in Appendix 2.

7 DEVELOPMENT PROJECTS AND DIVERSIFICATION INITIATIVES - EVALUATION AND APPRAISAL

7.1 DEVELOPMENT PROJECTS

7.1.1 An initial review of all proposed land acquisitions, new development projects and major refurbishment schemes to existing properties shall be carried out by the Senior Management Team, prior to making any offers, submitting any bids or committing the company to the proposal.

7.1.2 The Senior Management Team shall assess the feasibility of each proposal going forward and carry out an appraisal. This should include as a minimum, the following:

- A statement, which demonstrates the proposal's consistency with the Group's objectives, prepared by the relevant Senior Management Team member.
- A budget for the proposal, with a breakdown of costs, including land acquisition and construction costs, professional fees and VAT, together with details of the rent and service charges and/or sales price and funding requirements, prepared by the relevant Senior Management Team member.
- A financial appraisal of the proposal, where this is appropriate, incorporating a cash flow forecast and normally in the form of a net present value analysis, together with a supporting risk analysis, prepared by the relevant Senior Management Team member.
- An options appraisal, where this is appropriate, prepared by the relevant Senior Management Team member.
- Housing needs appraisal prepared by the Head of Property and Development or Head of Housing and Communities, confirming the appropriate demand at the required returns.

- 7.1.3 Following the feasibility study, individual proposals are assessed based on their return and contribution. Proposals that fall within the Group's approved development plans and policies may be progressed in accordance with the Senior Management Team's delegated authorities.
- 7.1.4 All proposals must be signed off by Senior Management Team in line with approved procedures, prior to being set before the Board of Ayrshire Housing or subsidiary company.
- 7.1.5 The Group's Board shall review all proposals that fall within the Group's approved development plans and policies and approve these, as appropriate.
- 7.1.6 Approval of new developments outside of approved development plans and policies and non-traditional developments such as schemes for market renting or projects involving non-conventional finance shall be reviewed and approved, as appropriate, by the Board.

7.2 DIVERSIFICATION INITIATIVES

- 7.2.1 All new initiatives which fall outside of the Group's approved plans and policies shall be evaluated by the Senior Management Team against the following set criteria:
- Do we do it now?
 - Are we good at it already?
 - What skills and resources do we have?
 - What skills and resources do we need to acquire?
 - Is there a demand for the product? – Current and potential based on market research.
 - Is it supporting the Group's objectives?
 - Will it help the Group retain the best people?
 - What is our risk appetite for this?
 - What is our capacity/capability?
 - What is the competition?
 - Assessment of financial viability/cost parameters.
 - Capital Investment requirements.
 - How will it grow the business?
 - Time frame for implementation.
 - Identification of partners.
- 7.2.2 Where there is an indication that initiatives evaluated against these set criteria are viable, worth pursuing and will not adversely impact on operating performance, additional feasibility assessments and project appraisals in line with the requirements for development projects shall be carried out, as appropriate.

7.2.3 The Board shall approve all new diversification initiatives prior to implementation.

8 OTHER

8.1 GROUP STRUCTURES AND SUBSIDIARIES

8.1.2 The Board is responsible for approving the establishment of a Group structure or the creation or acquisition of new subsidiary companies.

8.1.3 It is the responsibility of the Board to establish the shareholding arrangements and appointment of directors of companies wholly or partly owned by the Group.

8.1.4 The directors of companies where the Group is the majority shareholder, or exercises control under the Companies Acts 1985 to 2006, must submit an annual report to the Board.

8.2 RISK MANAGEMENT

8.2.1 The Board is responsible for developing a risk management strategy, in line with the requirements of the regulatory body, to identify the risks facing the Group, and the types of protection required to cover these risks. The strategy shall cover all external, internal and operating risks faced by the Group, and be sufficient to meet any potential risk to its assets. This strategy and supporting risk analyses shall be considered and approved by the Board on an annual basis.

8.3 INSURANCE

8.3.1 The Head of Finance is responsible for arranging insurance cover as determined by the Board or the regulatory body. This responsibility includes obtaining quotes, negotiating premiums and claims and maintaining the necessary records. The Head of Finance shall ensure that specific insurance problems are referred to the Group's insurers and advisors.

8.3.2 The Senior Management Team members must give prompt notification to the Head of Finance of any potential new risks and additional property and equipment which may require insurance and any alterations affecting existing risks.

8.3.3 The Senior Management Team members must advise the Head of Finance, immediately, of any event that may give rise to an insurance claim. The Head of Finance shall notify the Group's insurers and, if appropriate, prepare a claim in conjunction with the relevant staff member for transmission to the insurers.

- 8.3.4 The Senior Management Team members must ensure that any agreements negotiated by their departments with external bodies consider any legal liabilities to which the Group may be exposed. The advice of the Head of Finance shall be sought to ensure that this is the case.
- 8.3.5 The Head of Finance shall keep a register of all the Group's insurances and the property and risks covered.
- 8.3.6 The Director, Technical Services Manager or Project Manager shall ensure that contractors have adequate insurance for schemes from exchange of contract up to and including practical completion.
- 8.3.7 All staff using their own vehicles on behalf of the Group shall maintain appropriate insurance cover for business use and will produce copies of insurance cover as required.

8.4 TAXATION

- 8.4.1 The Head of Finance is responsible for advising the Senior Management Team on all taxation issues in the light of guidance issued by the appropriate bodies and the relevant legislation as it applies to the Group. The Head of Finance shall issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, National Insurance and Corporation Tax, as appropriate.

8.5 SECURITY

- 8.5.1 All employees are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc. under their control. They shall consult the appropriate Senior Management Team member in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 8.5.2 The loss of safe keys must be immediately reported to the Head of Finance.
- 8.5.3 The Head of Finance has been designated as the Data Protection Officer and is responsible for maintaining proper security and privacy of information. Access to areas where data is stored shall be restricted to authorised persons. Information relating to individuals held on computer shall be subject to the provisions of the Data Protection Act. The Data Protection Officer shall ensure compliance with the Act.

8.6 FRAUD AND IRREGULARITIES

- 8.6.1 Whenever any matter arises which is thought to involve fraud or irregularities in the functions of the Group it must immediately be reported to the Director or Head of Finance. If the Director or Head of Finance are

thought to be involved in fraud or irregularities, it must be immediately reported to the Chair of the Group Audit Committee or Chair of the Board.

- 8.6.2 The Group Audit Committee or their authorised representative shall have authority to access all records relating to any transaction of the Group, require and receive such explanations as are necessary concerning any matter under investigation and require any employees to produce any Group cash or property under their control.
- 8.6.3 The Director shall maintain a record of all cases of actual or attempted fraud in the Fraud Register.
- 8.6.4 The Fraud Register shall be available for review by the Group Audit Committee.
- 8.6.5 All cases of actual or attempted fraud or irregularities shall be reported, in detail, to the Group Audit Committee. The Group Audit Committee shall review each case and report to the Board and the Scottish Government, as required.

8.7 HOSPITALITY

- 8.7.1 The limits concerning acceptable expenditure for entertaining guests from outside bodies are set out in the Group's Entitlement, Payments and Benefits Policy.
- 8.7.2 Members of the Board and members of staff shall refuse all material hospitality and gifts offered by an individual or company that does or could provide services to the Group, where it is considered that these are offered as an inducement to secure favour. Any hospitality or gifts that are accepted must be recorded in the Register of Gifts and Hospitality.

8.8.1 FINANCIAL AND OPERATING PERFORMANCE DATA

- 8.8.1 The Head of Finance is responsible for ensuring financial and operating performance data is produced in accordance with timetables set by the Director, the Senior Management Team, Board and appropriate external bodies.
- 8.8.2 It is the responsibility of the Senior Managers to ensure Line Managers provide timely, accurate and complete financial and operating information to enable the required key performance indicators to be produced, validated and submitted to Senior Management Team, Board, regulatory bodies or benchmarking organisations.

APPENDIX 1 – DELEGATED AUTHORITIES AND AUTHORISATION LIMITS

Capital Expenditure - non-development

Item	Limit	Approval of Commitment	Approval of Invoice
Furniture and Fittings or Office Equipment	Less than £5,000 and within budget	Group CE	Senior Manager or Head of Finance
Furniture and Fittings or Office Equipment	Over £5,000 and within budget	Boards	Senior Manager or Head of Finance
Items outwith Budget	Outwith budget	Boards	Senior Manager or Head of Finance

Capital Expenditure – Development

All as approved within the development programme by the Board

Item	Limit	Approval of Commitment	Approval of Invoice
Purchase of land or property	None	Board	Acting solicitor
Consultant Fees	Levels agreed at Cost Plan stage	Director or Project Manager	Director or Project Manager
Works Costs	Per Approved Tender Costs	Director or Project Manager	Director or Project Manager
Private Finance Loan	None	See Treasury Management Policy	

Revenue Expenditure

Item	Limit	Approval of Commitment	Approval of Expenditure
Annual Salary Reviews	None	Boards	N/A
Staff Expenses		Senior Manager	
Board Member Expenses		Group CE or respective company secretary	
Hospitality Expenses	See policy on Entitlement, Payments and Benefits.		

Property Management Costs

Item	Limit	Approval of Commitment	Approval of Invoice
General Maintenance including Voids, Gas and Electrics	Up to £1,000	Maintenance Assistant	Maintenance Officer
General Maintenance including Voids, Gas and Electrics	Over £1,000 and up to £6,500	Maintenance Officer or Assistant with approval of Maintenance Officer	Technical Services Manager
General Maintenance including Voids, Gas and Electrics	Over £6,500 and below £12,500	Head of Property and Development following receipt of 2 written quotations	Technical Services Manager
General Maintenance including Voids, Gas and Electrics	Over £12,500	Tenders from at least 3 contractors approved by Head of Property and Development	Technical Services Manager
Cyclical Maintenance	Annual Programme	Tenders from at least 3 contractors approved by Head of Property and Development (dependent on term status of any existing contract)*	Technical Services Manager
Cyclical Maintenance	Non programme up to £6,500	Head of Property and Development following receipt of 2 written quotations	Technical Services Manager
Cyclical Maintenance	Non programme over £6,500	Tenders from at least 3 contractors approved by Head of Property and Development	Technical Services Manager
Landscaping	Annual Programme	Tenders from at least 3 contractors approved by Head of Property and Development (dependent on	Technical Services Manager

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Approved: May 2008 (complete replacement)

Revised: March 2010, August 2014, January 2019 and February 2022 (approved at Board meeting 23 February 2022)

Current to: January 2025

		term status of existing contract)*	
Major Repair & Improvement Works	Annual Programme	Tenders from at least 3 contractors approved by Head of Property and Development (dependent on term status of existing contract)*	Technical Services Manager
Service costs	All	Tenders from at least 3 contractors approved by Head of Property and Development (dependent on term status of existing contract)*	Technical Services Manager

* Where framework contract not in place.

Administration Costs

Item	Limit	Approval of Commitment	Approval of Invoice
Day to Day and General Admin Costs	Up to £1,000 and within budget	Finance Manager	Head of Finance
Day to Day and General Admin Costs	Over £1,000 and within £5,000 and within budget	Senior Manager	Head of Finance
Day to Day and General Admin Costs	Over £5,000 and within budget	Boards	Head of Finance
Equipment Leasing	Up to £1,000 per month	Group CE	Head of Finance
Maintenance Contracts - Office Equipment	Up to £1,500	Finance Manager	Head of Finance
Costs associated with arrears collection and housing management training	Up to £1,000	Senior Housing Officer	Head of Housing
Maintenance Contracts - Office Equipment	Over £1,500	Head of Finance	Director
Insurances	No limit - Negotiate renewal or tender depending on market conditions	Head of Finance	Director

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Approved: May 2008 (complete replacement)

Revised: March 2010, August 2014, January 2019 and February 2022 (approved at Board meeting 23 February 2022)

Current to: January 2025

Appendix 2 – Asset Disposals and Rent Arrears approved limits for write-off

Disposals – delegated authority for Director and Head of Finance to sign documentation. Monthly reporting to Board of documents signed under this authority.

Rent Arrears – delegated authority for Director to approve rent arrear write-offs below £250. Report to Board.

Appendix 3 – Approved Signatories for Scottish Government claims and applications

The Director or any one of Ayrshire Housing Group Senior Managers may sign claims and applications.

Group Senior Managers defined as Head of Finance, Head of Property and Development and Head of Housing and Communities.

Appendix 4 – Bank Account signatories

Cheques:

Following authorisation of payment as per financial procedures –

Company	Number	Authorised Signatories
Ayrshire Housing	Any two authorised signatories	Director plus Group senior managers
Ayrshire Homestake Limited	Any two authorised signatories	Director, Head of Finance and Head of Property and Development or Head of Housing and Communities

BACS, CHAPS or Faster Payments:

Following authorisation of payment as per financial procedures – one signatory using Bankline device with secure password.

International Payments:

Following authorisation of payment as per financial procedures – one signatory using Bankline device with secure password.

Appendix 5 – Tendering Procedures

1. Tenders shall be returned to the association’s head office unless otherwise stated in the instructions to tenderers.
2. Tenders delivered shall be date stamped and initialled by an appropriate member of staff and placed unopened in a secure location.
3. Tenders shall be returned sealed in the envelope provided on or before the stated date and no later than the stated time for return.
4. Late tenders shall not be opened or considered.
5. All valid tenders shall be opened at the same time in the presence of at least one member of the Board and the Company Secretary or Director.
6. The opening of the tenders and the tender amounts shall be recorded in a standard format and signed by those present.
7. The original signed copy of the above shall be filed in the Tender Register.
8. The tender documents shall then be collected by the appropriate member of staff or external consultant for checking and the production of a Tender Report, a summary of which will be submitted to the Board or relevant committee for approval.
9. The association shall follow the relevant codes of procedure as published by the National Joint Consultative Committee for Building (NJCC) e.g., Code of Procedure for Single Stage Selective Tendering.
10. Alternatively, the association may use electronic tendering through a procurement portal, file transfer applications or emailed attachments. In all cases, the Director or appropriate head of service will ensure that adequate steps have been put in place to ensure that the tenders are simultaneous opened and that this is witnessed and recorded either as at 5 above or by the designated consultant’s staff.
11. If the tendering exercise involves separate quality and price assessments. The Director or relevant head of service will satisfy themselves in advance that the separation of the assessments can be assured and record how this was achieved.