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Department	Finance
Title	Financial Regulations
Objective	To give practical guidance on the Group's broad policies relating to financial control
Responsible	Director of Finance
Next Review Date	March 2020

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1.0 INTRODUCTION

- 1.1 The financial regulations form part of the Group's overall system of financial and management control. Our rules, the Articles of Association of our subsidiaries and our Standing Orders outline how we control and run the Group.
- 1.2 This document sets out our financial regulations which form part of the Standing Orders. Its purpose is to provide practical guidance on our broad policies relating to financial control. It applies to both the association and all our subsidiary undertakings (the "Group").
- 1.3 Compliance with the financial regulations is compulsory for all our staff connected with the association and its subsidiaries. Departmental managers are responsible for ensuring that their staff are made aware of the existence and content of these financial regulations.
- 1.4 The Finance & Audit Sub-Committee is responsible for regularly reviewing these financial regulations and for advising the Management Committee of any additions or changes necessary.
- 1.5 We have detailed financial procedures which set out how the regulations will be implemented. It is the Director of Finance's responsibility to prepare and maintain our financial procedures and make them available to all departments as appropriate.

2.0 FINANCIAL CONTROL

2.1 THE MANAGEMENT COMMITTEE

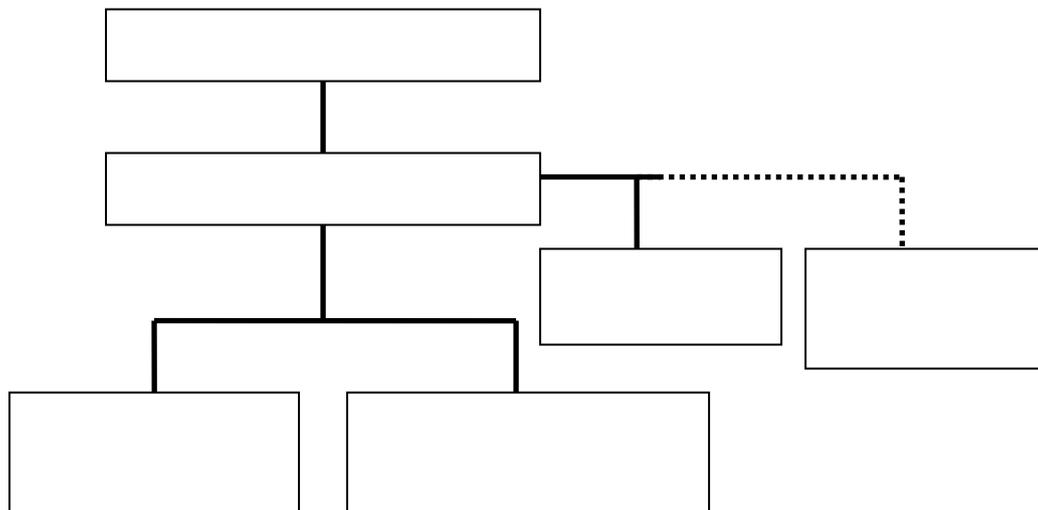
The Management Committee has ultimate responsibility for the Group's finances. Its financial responsibilities are:

- To ensure the solvency of the Group and its financial wellbeing
- To safeguard the Group's assets
- To manage its resources to ensure its financial well-being and economic effectiveness
- To ensure compliance with our regulatory body's performance standards of financial management
- To ensure that we have financial control systems in place and working effectively and that a statement of assurance is produced by our internal audit provider annually
- To ensure that, (where applicable), the Group complies with the regulatory body's guidance on audit requirements To approve the Group's Business Plans and the financial projections therein
- To approve annual estimates of income and expenditure and to approve the annual financial statements and the Management Committee's responsibilities therein
- To recommend to the annual general meeting (AGM) the appointment of the Group's external auditors

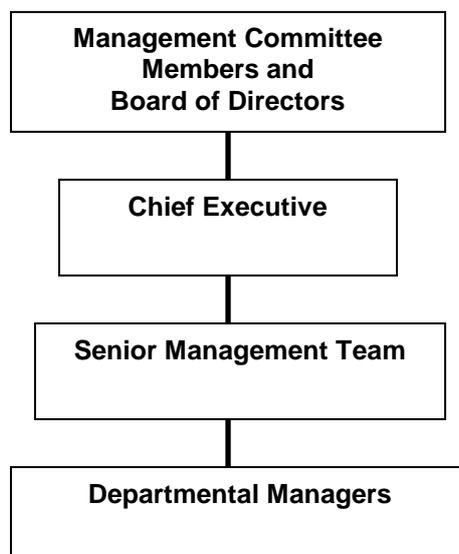
2.2 SUB-COMMITTEE STRUCTURE

The Management Committee delegates its responsibilities to the Sub-Committees, Subsidiary Boards and staff as detailed below. These Sub-Committees, Subsidiary Boards, staff and the Care & Repair Local Advisory Committee are accountable to the Management Committee.

Committee Structure:



Management Structure:



2.3 FINANCE & AUDIT SUB-COMMITTEE

2.3.1 The Finance & Audit Sub-Committee is responsible for the ongoing monitoring of our financial position and our financial control systems. The Sub-Committee will:

- Examine annual estimates and financial statements and recommend their approval to the Management Committee / Subsidiary Board as appropriate
- Ensure that short term budgets are in line with agreed longer term plans and that they are followed
- Consider any other matters relevant to the financial duties of the Management Committee / Subsidiary Board and make recommendations accordingly
- Ensure that the Management Committee / Subsidiary Board has adequate information to enable it to discharge its financial responsibilities
- Ensure that proper accounts and related records are maintained for the Group
- Ensure that we have effective systems to pay all employees and creditors by their due date
- Ensure that we promptly collect all income due to us and correctly account for it
- Receive and comment on our revenue and capital budgets and review our performance against these budgets
- Ensure that we comply with the rules and procedures for Housing Association Grant (HAG) and other legal requirements
- Manage our investments
- Oversee cash management and borrowing policies, our banking arrangements, and our insurance arrangements
- Any other matters as directed by the Management Committee

2.3.2 The Finance & Audit Sub-Committee also reports to the Management Committee on audit matters. To enable it to perform this function, it has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. The Sub-Committee will:

- Identify and approve appropriate performance measures for internal and external audit
- Monitor the performance of internal and external audit
- Ensure that satisfactory arrangements are in place to manage its resources to ensure its financial well-being and economic effectiveness
Ensure that the Management Committee is able to give an annual statement of assurance in respect of financial control systems

2.3.3 The regulatory body, in its Regulatory Standards, sets out guidance on our audit requirements.

2.4 HOUSING & PROPERTY SERVICES SUB-COMMITTEE

- 2.4.1 The Housing & Property Services Sub-Committee is accountable to the Management Committee and has delegated responsibility for all matters associated with selection of tenants and with developing, letting and maintaining our properties, including the monitoring of current arrears

2.5 SUBSIDIARY BOARD OF DIRECTORS

- 2.5.1 The Boards of Directors of ELHA's subsidiary companies, are responsible for all operational matters associated with their respective subsidiaries as set out in their Articles of Association. The membership of the Board of Subsidiaries is controlled by the Management Committee, giving the Management Committee ultimate control over its subsidiaries.

The Board of each subsidiary is responsible for the approval of annual estimates of income and expenditure and to approve the annual financial statements and the board's responsibilities therein.

2.6 MANAGEMENT COMMITTEE MEMBERS AND STAFF

- 2.6.1 The responsibilities of the Management Committee and of senior officers are detailed in the standing orders.
- 2.6.2 All our members of staff have been issued with their Job Description and detailed procedures relating to their Department.

2.7 AUDIT REQUIREMENTS

- 2.7.1 The Director of Finance is responsible for drawing up a timetable for the preparation and audit of the annual financial statements and for advising staff and the external auditors of this timetable.

- 2.7.2 The Finance & Audit Sub-Committee will review the audited financial statements and the auditor's management letter and make recommendations to the Management Committee / Subsidiary Board for approval. 2.7.3

Any authorised officer of the Group and the external auditors and internal auditors shall have authority to:

- Enter at reasonable times the Group's premises or land
- Access all assets, records, documents and correspondence relating to any financial and other transactions of the Group
- Ask for, and be provided with, full explanations about any matter being investigated
- Require any employee of the Group to account for cash, stores or any other Group property under their control
- Access records belonging to third parties, such as contractors when required

- 2.7.4 We will maintain a “Fraud and Theft” Policy and follow this whenever any matter arises which involves, or is thought to involve, irregularities or fraud concerning cash, stores or other property of the Group or there is any other suspected irregularity in the exercise of the activities of the Group. We will also ensure that we have an effective procedure for whistle blowing in place.

External Audit

- 2.7.5 We will appoint external auditors for the Group annually at our AGM. The Management Committee will make recommendations about the appointment to the members following advice it receives from the Finance & Audit Sub-Committee.
- 2.7.6 The primary role of external audit is to report on the Group’s financial statements and whether we have used our funds appropriately. The external auditor will reach their opinion on the financial statements and our use of funds by examining the statements, the underlying records and our control systems. Their duties will be in accordance with advice set out in the code of audit practice and current auditing standards and guidelines.
- 2.7.7 Each year the Finance & Audit Sub-Committee will review the effectiveness of external audit and, provided the auditors’ work is of a sufficiently high standard and reasonably priced, should recommend that the Management Committee reappoint them. In addition, we will undertake a competitive tendering exercise for the provision of the external audit service at least once every seven years.

Internal Audit

- 2.7.8 The Finance & Audit Sub-Committee is responsible for appointing the internal auditor.
- 2.7.9 The main responsibility of internal audit is to provide the Management Committee, the Chief Executive and Senior Management Team with assurances on the adequacy of our internal control systems.
- 2.7.10 The internal audit service is independent in its planning and operation and has direct access to the Management Committee, the Chief Executive and the Convenor of the Finance & Audit Sub-Committee.
- 2.7.11 We will require the internal auditor to comply with current auditing standards and guidelines for Internal Auditors.
- 2.7.12 We will normally appoint the internal auditor for a term of three years, subject to an annual review of the quality and price of their service. We will undertake a competitive tendering exercise for the provision of internal audit services at least once every seven years.

Other Auditors

2.7.13 The Group may, from time to time, be subject to audit or investigation by external bodies such as the Regulator and HM Revenue and Customs who have statutory rights of access.

2.8 RESPONSIBILITIES

2.8.1 The Chief Executive

The Chief Executive is responsible for the operational management of the Group's affairs. They must assist and advise the Management Committee in governance matters and in determining the Group's strategic objectives, promoting the achievement of such objectives through the effective deployment of the Group's resources.

2.8.2 The Director of Finance

Day to day financial administration is the responsibility of the Director of Finance. The Director of Finance is responsible to the Chief Executive for:

- Financial and business planning
- Preparing annual capital and revenue budgets
- Preparing management accounts and information, the monitoring and control of income and expenditure against budgets and all financial operations
- Preparing the Group's annual financial statements and returns which the Group is required to submit to other authorities
- Preparing appraisals for major investment decisions
- Ensuring that the Group maintains satisfactory financial systems
- Providing professional advice to the Management Committee, its Sub-Committees and the Boards of Subsidiaries on all matters relating to financial policies and procedures including treasury management
- Ensuring compliance with legal and/or regulatory requirements relating to their areas of responsibility

Business Management Team Members

2.8.3 Business Management Team (BMT) members are responsible to the Chief Executive for financial management in their own areas of responsibility, in accordance with our Authorisations and Standard Charges / Allowances Policy. The Director of Finance will advise BMT members on carrying out their financial duties. In addition, the Director of Finance will supervise and approve the financial systems operating within BMT members departments including the form in which financial records are kept.

2.8.4 BMT members are responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters.

2.8.5 Where a BMT member delegates budget responsibilities to their staff, the budget holder is accountable to the BMT member for that budget.

2.9 BUDGETING

Resource Allocation

2.9.1 We allocate our resources regularly, and at least annually. The Management Committee is responsible for approving, on the recommendation of the Finance & Audit Sub-Committee, the allocation of the association's resources. The Board of each subsidiary is responsible for the allocation of that subsidiary's resources.

Budget Preparation

2.9.2 The Director of Finance is responsible for ensuring individual revenue and capital budgets (including a development programme in the case of the association) are prepared annually for the association and for each of its subsidiaries. The budgets will be prepared in a form agreed by the Management Committee/Subsidiary Boards and will reflect the objectives of the Group, its Group Business Plan, and the Strategy and Development Funding Plan.

We will start to prepare our annual budgets at least three months prior to the start of the financial year to which they relate and will seek input from each budget holder. We will consider the actual results for the current year to date when preparing our budgets for the next financial year.

2.9.3 The Finance & Audit Sub-Committee will consider all annual budgets including those for each subsidiary. The Management Committee is responsible for approving the association's annual budget and the board of a subsidiary is responsible for approving its annual budget. We will approve budgets prior to the start of the financial year to which they relate.

2.9.4 As soon as possible after approval of the budgets, the Director of Finance will ensure that detailed budgets are prepared for BMT members to help with the resource allocation process.

2.9.5 Departments / subsidiaries may operate supplementary budgets, within their allocations, in accordance with procedures established by the Director of Finance.

2.9.6 During the year, the Director of Finance is responsible for submitting revised budgets to the Finance & Audit Sub-Committee for consideration before submission to the Management Committee / Subsidiary Board for approval.

Development Programmes

2.9.7 The Management Committee is responsible for approving the annual housing development programme and any subsequent amendments to it.

- 2.9.8 The Chief Executive is responsible for providing regular statements concerning housing capital expenditure and income to the Housing & Property Services Sub-Committee for monitoring purposes.
- 2.9.10 The Director of Finance will prepare a financial evaluation of the development programme (and any amendments) and its impact on the group's long term financial position. The evaluation will also consider the impact of alternative plans.
- 2.9.11 The Director of Finance is responsible for undertaking a financial evaluation of each housing development project in the approved development programme (plus subsequent amendments) prior to tender approval.
- 2.9.12 Proposed capital projects should be supported by:
- A statement which demonstrates the project's consistency with the development programme/ other plans approved by the Management Committee
 - An initial budget for the project. The budget should include a breakdown of costs including professional fees, VAT and funding sources
 - A demonstration of compliance with normal tendering procedures and regulatory body regulations

Financial Planning

- 2.9.13 The Director of Finance is responsible for preparing financial plans for approval by the Management Committee on the recommendation of the Finance & Audit Sub-Committee or the relevant Subsidiary Board and for preparing long term financial forecasts for at least the period required by the regulatory body and funder(s). Financial plans should be consistent with the Group business plans and the development programme approved by the Management Committee.

Budgetary Control

- 2.9.14 Once approved, the budgets will provide our staff with the authority to incur expenditure in line with our Authorisations and Standard Charges / Allowances Policy. They also provide us with the basis to make comparisons with actual quarterly results. The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder who must ensure that day to day monitoring is undertaken effectively. The Director of Finance will provide management information to assist budget holders in this duty.
- 2.9.15 Variations in actual income and expenditure against budget will be reported to the Finance & Audit Sub-Committee at least every quarter by the Director of Finance.

2.9.16 Where additional expenditure is identified as being necessary, authorisation will be sought from the Finance & Audit Sub-Committee in accordance with its delegated powers or from the Management Committee / Subsidiary Board. In between meetings authority to authorise overspends of up to an agreed amount per item, is specified in the detailed Authorisations and Standard Charges / Allowances Policy. Any such action taken will be reported to the next Management Committee / Subsidiary Board meeting for homologation.

2.9.17 Nothing in these financial regulations shall prevent a senior officer from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency subject to their action being reported as soon as possible to the next meeting of the Finance & Audit Sub-Committee or the Management Committee / Subsidiary Board (whichever meets first). In some circumstances, these emergency powers will be superseded by the Business Continuity Plan, which contains policies, procedures and emergency powers to be followed / used in the event of a disaster.

2.9.18 Where an officer proposes

- (a) A new policy;
- (b) A variation to an existing policy; or
- (c) A variation in the means or time-scale of implementing an existing policy

which affects or may affect the Group's finances, the officer shall submit a report for recommendation to the Finance & Audit Sub-Committee. The Sub-Committee will consider the matter and either take a decision in accordance with delegated powers or submit a recommendation to the Management Committee / Subsidiary Board.

Virement

2.9.19 Where a budget holder is responsible for more than one budget, they can make virements (whereby expenditure in excess of budget may be set off against savings in another budget) up to an agreed level from another of their budgets with the written approval of their line manager. The Director of Finance should also be advised.

2.9.20 Virement between budgets held by different budget holders is permitted up to an agreed level with the written approval of the transferring budget holder and the Director of Finance.

2.9.21 The Director of Finance is responsible for submitting requests for virement of resources above agreed levels to the Finance & Audit Sub-Committee or Management Committee / Subsidiary Board for approval.

2.10 ACCOUNTING POLICIES

Basis of Accounting

2.10.1 The individual company and group consolidated financial statements are

prepared on the historical cost basis of accounting and in accordance with applicable accounting standards and guidelines.

Format of the Accounts

2.10.2 The Association's individual financial statements and the Group's financial statements are prepared for the financial year ending 31 March, in the format required by the current Statement of Recommended Practice (SORP) on Accounting for Registered Social Landlords. The individual accounts of subsidiaries are prepared in the format required by the Companies Act.

Basis of Consolidation

2.10.3 The consolidated financial statements consolidate the financial statements of the Association and all its subsidiary undertakings for the financial year.

2.11 ACCOUNTING RETURNS

2.11.1 The Director of Finance is responsible for preparing and sending financial returns and other periodic financial reports to the regulatory body and other agencies as required. The Director of Finance is also responsible for ensuring that all grants due from the government and other bodies are received.

2.12 ACCOUNTING AND ACCOUNTING RECORDS

2.12.1 The Director of Finance is responsible for overseeing the compilation of all accounts and accounting records and for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities.

2.12.2 The Group is required by law to retain prime documents. These include:

- Accounting Records (including details of assets, liabilities, income and expenditure)
- Business Records (bank statements and pay-in slips, accounts books, purchases and sales information) (six years)
- All PAYE Records (three years)
- Construction Industry Scheme Records (three years)
- VAT records (three years)

2.12.3 For auditing and other purposes, the Group should retain other financial documents for three years.

2.12.4 We will observe the following principles wherever possible, in the allocation of accounting duties, to ensure that proper segregation of duties exists:

- The duties of providing information about money due to or from the Group and of calculating, checking and recording these sums shall be separated from the duty of collecting or paying them

- Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions

2.12.5 The Director of Finance is responsible for the records, ledgers and registers required for each company within the Group and ensuring that these are maintained. The intervals at which these are updated are specified in the detailed financial procedures.

3.0 INCOME AND BANKING

3.1 GENERAL

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

3.1.2 Levels of charges, rents and lettings are approved by the Management Committee / Subsidiary Board.

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

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

3.1.5 The Director of Finance is responsible for ensuring that all claims for funds are made by the due date.

3.2 BANKING AND CASH ARRANGEMENTS

3.2.1 We will maintain bank accounts as required and agreed by the Finance and Audit Sub-Committee.

3.2.2 The Director of Finance is responsible for liaising with our bankers in relation to our bank accounts and the issues of cheques. The Director of Finance has the authority to order all cheques and shall ensure that proper arrangements are in place for their safe custody.

3.2.3 Only the Director of Finance may open or close a bank account for dealing with our funds. All bank accounts shall be in the name of the Association.

3.2.4 All payments made from the Association's bank accounts and mandates for direct debits/standing orders must be authorised in accordance with our "Authorisations and Standard Charges and Allowances Policy."

3.2.5 The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and independent review, and that large or unusual items are investigated as appropriate.

3.2.6 The Director of Finance is responsible for the prompt collection, security and banking of all income and for ensuring that all relevant requirements of the Group's Insurers are followed.

3.2.7 We will not cash personal or other cheques out of money received.

3.3 RENTS AND OTHER INCOME

3.3.1 The procedures for collecting all sums due to the Group (including rents and other income) must be approved by the Director of Finance. Our procedures should ensure that:

- swift and effective action is taken to collect overdue rents or other debts from tenants and customers in accordance with the Group's policies and detailed procedures
- outstanding rents and other income are monitored effectively
- invoices to tenants and customers are raised properly and promptly for the income due to the group in accordance with detailed procedures

Departmental Managers shall notify the Director of Finance promptly of all money due to the Group and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Group.

The Director of Finance shall have the right to inspect any documents or other evidence in this connection as he/she may decide.

Donations of cash or other items shall be recorded and a written acknowledgement sent to the donor by the Secretary of the recipient Group member.

3.4 WRITE OFF OF ARREARS, DEBTS AND PREPAID BALANCES

3.4.1 The authority to write off of rent arrears and other debts owed to the Group and prepaid balances; is detailed in the Authorisations and Standard Charges / Allowances Policy. The Group will write off all established bad debts on a quarterly basis.

3.5 STOCKS AND STORES

3.5.1 Managers are responsible for establishing adequate arrangements for the security and control of stocks and stores within their departments. Managers may only use systems for the accounting of stores within their departments which have been approved by the Director of Finance.

3.5.2 Where departmental stocks are valued for inclusion on the balance sheet, the relevant departmental manager must ensure that:

- There are stock-taking procedures in place which have the approval of the Director of Finance
- They provide instructions to the appropriate staff within their departments, which are in accordance with advice contained in the Group's detailed financial procedures.

4.0 EXPENDITURE

4.1 GENERAL

4.1.1 The Director of Finance is responsible for making payment to suppliers of goods and services to the Group.

4.2 AUTHORISATION OF EXPENDITURE

4.2.1 All expenditure will be authorised in accordance with the Group's Authorisation and Standard Charges / Allowances Policy which specifies delegated levels of authority for the various categories of expenditure or financial activity.

4.3 TENDERING

4.3.1 All goods and services will be procured in accordance with the Group's Procurement Policy and the Authorisation and Standard Charges / Allowances Policy.

4.4 ORDERS FOR WORK, GOODS AND SERVICES

4.4.1 Orders for work, goods and services must be in a form approved by the Director of Finance and in accordance with Group policy and procedures, in particular the budget limits and Authorisation and Standard Charges / Allowances Policy.

4.5 PAYMENT OF INVOICES

4.5.1 The authorisation to pay invoices will be in accordance with the Group's Authorisation and Standard Charges / Allowances Policy.

4.5.2 Payments to suppliers will be in accordance with the detailed financial procedures.

4.5.3 The general rule is that invoices are paid by the end of the month following that in which they are received, subject to variations as agreed with the individual supplier of goods and services and as set out in the Group's financial procedures.

4.6 CONTRACTS

- 4.6.1 Payments to contractors, whether on account or the final account, shall be made in accordance with the detailed procedures. Finance staff will meet regularly with Development and Property staff to monitor expenditure on contracts.
- 4.6.2 Claims from Contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Group's Solicitor (and if relevant the Group's Insurers) for consideration of the legal liability and, where necessary, to the Chief Executive and Director of Finance (for financial assessment) before a settlement is reached or before any offer of settlement is made.

4.7 PETTY CASH AND POSTAGE

- 4.7.1 A petty cash imprest will be held for the purpose of making disbursements and properly authorised expenses and maintaining a cash float. The level of imprest will be determined by expenses flow and security considerations.
- 4.7.2 Operation of the petty cash float will be in accordance with the financial procedures.
- 4.7.3. The purchase and issue of stamps will be as laid down in the Group's financial procedures.

4.8 SALARIES, WAGES AND PENSIONS

- 4.8.1 The payment of salaries, wages and contributions to pensions will be made in accordance with the Group's financial policies and procedures, in particular those relating to Payroll and Recruitment & Selection.
- 4.8.2. Annual salary reviews will be undertaken as specified in the Group's Terms and Conditions of Service, and will be approved by the Management Committee / Subsidiary Boards.
- 4.8.3. The Management Committee / Subsidiary Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.
- 4.8.4. The Director of Finance is responsible for day to day pension matters.
- 4.8.5. Salary and related personnel records will be maintained in a form required by statute, and as agreed by the Director of Finance.

4.9 TRAVEL SUBSISTANCE AND OTHER ALLOWANCES

- 4.9.1. All claims for payments of car allowances, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Group's policies and procedures on Management Committee Members' / Subsidiary Board Directors' and Staff Expenses and completed in a form approved by the Director of Finance.
- 4.9.2. Claims by members of staff must be authorised by their Line Manager to certify that the journeys and expenses were properly and necessarily incurred and that the allowances are properly payable by the Group.
- 4.9.3. Standard allowances and rates will be recorded in the Authorisation and Standard Charges / Allowances Policy and reviewed annually by the Management Committee / Subsidiary Board.

4.10 CREDIT AGREEMENTS

- 4.10.1 Departmental Managers shall notify the Director of Finance promptly of all credit agreements being entered by the Group for goods and services. The Director of Finance shall have the right to inspect any documents or other evidence in this connection as they may decide.

5.0 ASSETS

5.1 LAND, BUILDINGS, FIXED PLANT AND MACHINERY

- 5.1.1 The purchase, lease or rent of land or buildings or fixed plant can only be undertaken with the approval of the Management Committee / Subsidiary Board.
- 5.1.2. The Finance Department will maintain fixed asset registers which record an adequate description of buildings (non housing), furniture, fittings, equipment, plant and machinery and other capital equipment owned by the Group. The form in which the fixed asset register shall be kept will be determined by the Director of Finance. Equipment kept at our housing properties shall be separately identified and recorded.
- 5.1.3. The Housing Management Department will maintain a register of all housing properties owned by the Group, its form will be determined by the Director of Housing.
- 5.1.4. The Group's property shall not be removed other than in the ordinary course of the Group's business, or used other than for the Group's purposes except in accordance with specific directions issued by the Chief Executive or appropriate manager concerned.
- 5.1.5. All property and equipment shall be maintained in good working order.
- 5.1.6. We keep a register of documents of title (deeds, share certificates, building society books, etc) and store the documents (where not held by a lending authority) securely either at the Group's Solicitors or in a locked safe.

5.2 INVENTORIES

- 5.2.1. In addition to the asset register, departmental managers are responsible for maintaining inventories for all plant and equipment and stores in their departments. The inventory must include items donated or held in trust.
- 5.2.2. Inventories must be checked at least annually and retained in a form approved by the Director of Finance as described in the group's detailed financial procedures.

5.3 ASSET DISPOSAL

- 5.3.1. Disposal of fixed assets equipment and furniture must be in accordance the Group's Policy "Disposal of Assets".

5.4 DEPRECIATION

- 5.4.1 Any fixed asset owned by the Group will be depreciated in accordance with the Group's Depreciation Policy.

5.5 TREASURY MANAGEMENT

- 5.5.1 The Group's Treasury Management strategy and arrangements are set out in its Treasury Management Policy. The Finance & Audit Sub-Committee is responsible for monitoring the operation of this policy.
- 5.5.2. All money in the hands of the Group shall be aggregated where possible or appropriate for the purposes of Treasury Management.
- 5.5.3. The Director of Finance is responsible for all executive decisions on borrowing, investment or financing.
- 5.5.4. The Director of Finance shall report to the Finance & Audit Sub-Committee not less than four times in each financial year on the activities of the treasury management operation and on the exercise of the treasury management powers delegated to them. One such report shall comprise an annual report on treasury management for presentation within six months of the Group's year end.
- 5.5.5 The Director of Finance is responsible for obtaining private finance (loans) from approved financial institutions as detailed in the Group's Treasury Management policy and related procedures.

6.0 OTHER

6.1 GROUP STRUCTURES AND SUBSIDIARIES

- 6.6.1. In certain circumstances it may be advantageous to the Association to establish group structures or subsidiaries to undertake services on its behalf. The Management Committee is responsible for approving the establishment of group structures or subsidiaries and the procedure to be followed in order to do so.
- 6.6.2. It is the responsibility of the Management Committee to establish the shareholding arrangements and appoint Directors of companies wholly or partly owned by the association.

6.2 RISK MANAGEMENT

- 6.2.1. The Management Committee is responsible for developing a risk management strategy, in line with the requirements of the regulatory bodies, in order to identify the risks facing the group and the types of protection required to cover these risks. Risk Maps should be developed to cover important potential liabilities and potential significant risks to assets. These Risk Maps will be considered and approved by the Management Committee / Subsidiary Boards on an annual basis in accordance with our Risk Management Strategy.

6.3 INSURANCES

- 6.3.1. The Management Committee is responsible for agreeing the Group's insurance arrangements. The arrangements for managing and maintaining our insurances are set out in the "Insurance Policy".
- 6.3.2. All staff using their own vehicles on behalf of the group shall maintain appropriate insurance cover for business use.

6.4 TAXATION

- 6.4.1. The Director of Finance is responsible for advising heads of departments 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 Director of Finance will issue instructions to departments on compliance with statutory requirements including those concerning VAT, PAYE, national insurance and corporation tax.
- 6.4.2. The Director of Finance is responsible for ensuring that the Group's tax records are maintained, that all tax payments made and tax credits received and that tax returns are submitted by their due date.

6.5 SECURITY PROCEDURES

- 6.5.1. Departmental managers are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, cash, etc under their control. They must consult the appropriate senior manager in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 6.5.2. The loss of any keys to Group property will be reported to the Chief Executive immediately.
- 6.5.3. All staff are responsible for maintaining proper security and privacy of information. Access to areas where data is stored will be restricted to authorised persons. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act. The Chief Executive is responsible for ensuring compliance with the Act.
- 6.5.4. Security of computer equipment and information stored on computer systems will be undertaken as detailed in the Group's policy on "IT Systems", and in accordance with the Data Protection Act.
- 6.5.5. Manual records, particularly those relating to tenants, will also be subject to appropriate security procedures.

6.6 GIFTS, HOSPITALITY AND INTERESTS

6.6.1 The giving and receiving of gifts and hospitality shall be in accordance with the Group's Gifts and Hospitality policy.

6.6.2. All Management Committee Members / Subsidiary Board Directors and staff shall ensure that they declare any interests with regard to any aspects of the Group's activities, as required by the Rules and the requirements of the Regulators.

7.0 IMPLEMENTATION, MONITORING AND REVIEW

7.1 IMPLEMENTATION

These Financial Regulations describe the overall framework of the Group's financial arrangements. The detailed arrangements for implementing these Regulations are contained in relevant policies and procedures including (but not limited to) the following:

- Authorisations and Standard Charges and Allowances
- Treasury Management
- Risk Management Strategy
- Insurances
- Payroll
- Rents and Service Charges
- Rent Arrears
- Chargeable Repairs
- Recharge of Costs to Owner Occupiers (procedure)
- Information Technology Systems
- Gifts and Hospitality
- Management Committee and Staff Expenses
- Fraud and Theft
- Anti-Bribery and Corruption
- Finance Department Procedures

7.2 MONITORING AND REVIEW

The Director of Finance will ensure that these regulations are reviewed at least every five years and that any amendments required are submitted to the Management Committee for approval.