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Last Reviewed September 2025

Department Finance

Title **Financial Regulations**

Objective To conduct its business effectively, the Group needs to ensure that it has sound financial management systems in place, and that they are strictly adhered to. Part of this process is the establishment of Financial Regulations, which set out the financial policies, and gives practical guidance on the Group's broad policies relating to financial control.

Responsible Director of Finance & Corporate Services

Next Review Date September 2028

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1.0 Introduction

- 1.1 East Lothian Housing Association (the “Association”) is a Registered Social Landlord (RSL) and Registered Charity.
- 1.2 The Association has a group structure and is the parent of one non-RSL subsidiary, namely R3 Repairs Limited. These two business form “ the Group”.
- 1.3 The financial regulations form part of the Group’s overall system of financial and management control. Our rules, the Articles of Association of our subsidiary and our Standing Orders outline how we control and run the Group.
- 1.4 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 our subsidiary undertakings (the “Group”).
- 1.5 Compliance with the financial regulations is compulsory for all our staff connected with the association and its subsidiary. Departmental managers are responsible for ensuring that their staff are made aware of the existence and content of these financial regulations.
- 1.6 It is the responsibility of all staff to report instances of non-compliance with Financial Regulations to their manager or the Senior Management Team.
- 1.7 We have detailed financial policies and procedures which set out how the regulations will be implemented. It is the Director of Finance & Corporate Services’ responsibility to prepare and maintain our financial procedures and make them available to all departments as appropriate.
- 1.8 The Association shall comply with all statutory and regulatory requirements, as well as maintain best practice. The Scottish Housing Regulator’s Governance and Financial Management Standards have been taken into account.

2.0 Financial Control

2.1 The ELHA Board

The ELHA Board 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

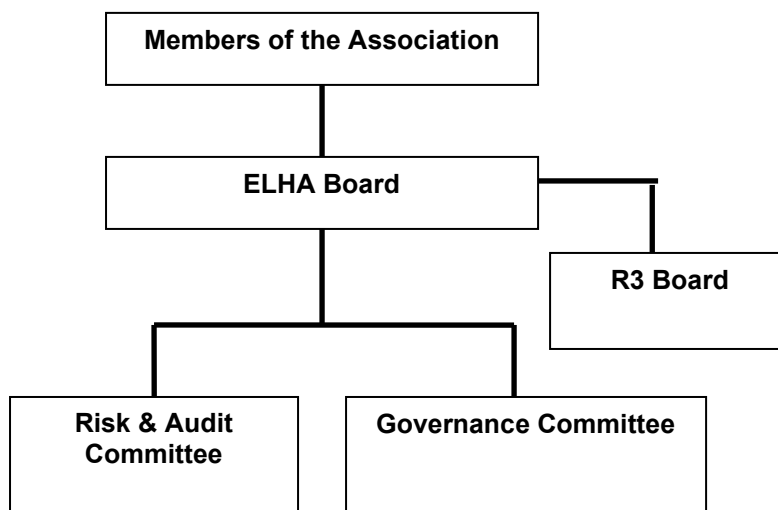
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- To ensure that we have internal financial control systems in place and working effectively and that a statement of assurance is produced by our internal audit provider annually
- To ensure that, (where applicable), the Group complies with the regulatory 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 ELHA Board's responsibilities therein
- Ensure that short term budgets are in line with agreed longer term plans and that they are followed
- Review performance against revenue and capital budgets
- Oversee cash management, borrowing policies, banking arrangements and investments
- To recommend to the annual general meeting (AGM) the appointment of the Group's external auditors
- For all matters associated with selection of tenants and with developing, letting and maintaining our properties, including the monitoring of current arrears

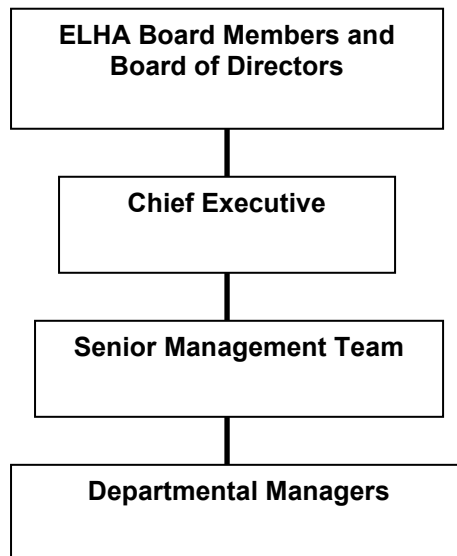
2.2 ELHA Board Structure

The ELHA Board delegates some of its responsibilities to the Risk & Audit Committee, the R3 Board and staff as detailed below. These Sub-Committees, the Subsidiary Board and staff are accountable to the ELHA Board.

Board Structure:



Management Structure:



2.3 Risk & Audit Committee

2.3.1 The Risk & Audit Committee is responsible for the ongoing monitoring of our financial control systems. The Committee will:

- Examine annual estimates and accounting policies adopted in the financial statements and recommend their approval to the ELHA Board / Subsidiary Board as appropriate
- Consider any other matters relevant to the financial duties of the ELHA Board / Subsidiary Board and make recommendations accordingly
- Ensure that the ELHA Board / 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 have systems in place to promptly collect all income due to us and correctly account for it
- Ensure that we comply with the rules and procedures for Housing Association Grant (HAG) and other legal requirements
- Agree ELHA's strategy for addressing insurable risk
- Any other matters as directed by the ELHA Board

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2.3.2 The Risk & Audit Committee reports to the ELHA Board 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 Committee will:

- Identify and approve appropriate performance measures for internal and external audit
- Agree the Association's annual internal audit programme
- 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 ELHA Board 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.

2.3.4 The Risk & Audit Committee meets at least 4 times a year to ensure compliance with its Terms of Reference.

2.4 R3 Board of Directors

2.4.1 The Boards of Directors of ELHA's subsidiary company R3, are responsible for all operational matters as set out in their Articles of Association. The membership of the Board of R3 is controlled by the ELHA Board, giving the ELHA Board ultimate control over its subsidiaries.

2.4.2 The Board of R3 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.

2.5 ELHA Board Members and Staff

2.5.1 The responsibilities of the ELHA Board and of senior officers are detailed in the Standing Orders.

2.5.2 All our members of staff have been issued with their Job Description and detailed procedures relating to their Department.

2.6 Audit Requirements

2.6.1 Audit requirements are set out in the regulatory body's guidance on Audit Practice.

2.6.2 The Director of Finance & Corporate Services 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.

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- 2.6.3 The Risk & Audit Committee will review the audited financial statements and the auditor's management letter and make recommendations to the ELHA Board / Subsidiary Board for approval.
- 2.6.4 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, credit cards stores or any other Group property under their control
 - Access records belonging to third parties, such as contractors when required
- 2.6.5 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. The Risk & Audit Committee will receive an annual update on any instances of Fraud & Theft reported in the year. We will also ensure that we have an effective procedure for whistle blowing in place.

2.7 External Audit

- 2.7.1 We will appoint external auditors for the Group annually at our AGM. The ELHA Board will make recommendations about the appointment to the members following advice it receives from the Risk & Audit Committee.
- 2.7.2 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.
- 2.7.3 The External Auditor's duties will be in accordance with the Regulatory Bodies standards on Governance and Financial Management and the relevant Auditing Standards and their Letter of Engagement as approved by the Risk & Audit Committee.

- 2.7.4 Each year the Risk & Audit 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 ELHA Board 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.

2.8 Internal Audit

- 2.8.1 The Risk & Audit Committee is responsible for appointing the internal auditor.
- 2.8.2 The main responsibility of internal audit is to provide the Risk & Audit Committee, ELHA Board, the Chief Executive and Senior Management Team with assurances on the adequacy of our internal control systems, based on a programme of reviews as determined by the Risk & Audit Committee.
- 2.8.3 The internal audit service is independent in its planning and operation and has direct access to the ELHA Board, the Chief Executive and the Chair of the Risk & Audit Committee. The internal auditor is directly responsible to the Risk & Audit Committee. On an annual basis, the Risk & Audit Committee will review and approve the Internal Auditor's Audit Programme, outlining the proposed 3-year audit programme to be followed.
- 2.8.4 The internal auditors may, if they consider it necessary, require the Chair of the Risk & Audit Committee to convene a meeting of the Risk & Audit Committee for the specific purpose of hearing of any concerns the internal auditors may have. They may ask that staff be excluded from attending an Risk & Audit Committee meeting to allow confidential discussion between the Risk & Audit Committee and the internal auditors.
- 2.8.5 We will require the internal auditor to be properly qualified and experienced and comply with current auditing standards and guidelines for Internal Auditors, including Public Sector Internal Audit Standards
- 2.8.6 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.
- 2.8.7 Our internal audit function must meet the requirements of the Scottish Housing Regulator.

2.9 Other Auditors

- 2.9.1 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.
- 2.9.2 Where it is deemed that a particular area of internal audit would be better served by specialist advice from another service provider, the Risk & Audit Committee have the right to appoint a specialist provider in line with the Procurement Policy.

2.10 Responsibilities

2.10.1 The Chief Executive

The Chief Executive is responsible for the operational management of the Group's affairs. They must assist and advise the ELHA Board 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.

2.10.2 The Director of Finance & Corporate Services

Day to day financial administration is the responsibility of the Director of Finance & Corporate Services. The Director of Finance & Corporate Services 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 ELHA Board, the Risk & Audit Committee and the Board of the Subsidiary 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

2.10.3 Business Management Team Members

2.10.3.1 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 & Corporate Services will advise BMT members on carrying out their financial duties. In addition, the Director of Finance & Corporate Services will supervise and approve the financial systems operating within BMT members' departments including the form in which financial records are kept.

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

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

2.11 Budgeting

Resource Allocation

- 2.11.1 The Association and its subsidiary have a financial year that runs from 1 April to 31 March.
- 2.11.2 We allocate our resources regularly, and at least annually. The ELHA Board is responsible for approving the allocation of the Association's resources. The Board of the subsidiary is responsible for the allocation of its resources.

Budget Preparation

- 2.11.3 The Director of Finance & Corporate Services is responsible for ensuring individual revenue and capital budgets are prepared annually for the association and its subsidiary. The budgets will be prepared in a form agreed by the ELHA Board/Subsidiary Board and will reflect the objectives of the Group, its Group Business Plan, and the Strategy and Development Funding Plan.
- 2.11.4 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.
- 2.11.5 The ELHA Board is responsible for approving the Association's annual budget and the board of the subsidiary is responsible for approving its annual budget. The budgets must be approved by the end of February immediately before the start of the financial year in which it relates.
- 2.11.6 As soon as possible after approval of the budgets, the Director of Finance & Corporate Services will ensure that detailed budgets are prepared for BMT members to help with the resource allocation process for the financial year ahead.
- 2.11.7 Departments / subsidiary may operate supplementary budgets, within their allocations, in accordance with procedures established by the Director of Finance & Corporate Services.
- 2.11.8 During the year, the Director of Finance & Corporate Services is responsible for submitting revised budgets, to the ELHA Board / Subsidiary Board for approval.

Development Programmes

- 2.11.9 The ELHA Board is responsible for approving the annual housing development programme and any subsequent amendments to it.

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2.11.10 The Chief Executive is responsible for providing regular statements concerning housing capital expenditure and income to the ELHA Board for monitoring purposes.

2.11.11 The Director of Finance & Corporate Services 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.

2.11.12 The Director of Finance & Corporate Services is responsible for undertaking a financial evaluation of each housing development project in the approved development programme (plus subsequent amendments) prior to tender approval.

2.11.13 Proposed capital projects should be supported by:

- A statement which demonstrates the project's consistency with the development programme / other plans approved by the ELHA Board
- 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

2.11.14 The Director of Finance & Corporate Services is responsible for preparing financial plans for approval by the ELHA Board or the 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 ELHA Board. The plans should demonstrate funders covenants compliance and sensitivity testing should be undertaken and the results shown to the ELHA Board at the time of approval.

Budgetary Control

2.11.15 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 & Corporate Services will provide management information to assist budget holders in this duty.

2.11.16 Budget holders will be given a budget report on a monthly basis. Contained within this will be monthly expenditure against budget and year to date expenditure against year to date budget.

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- 2.11.17 Based on the information provided above, budget holders, on a quarterly basis as a minimum, will then be expected to forecast their remaining income and expenditure until the year end and report this back to the Finance team prior to the deadline which will be set by the Finance team.
- 2.11.18 Discretion will be agreed between the budget holder and the Finance Manager with regards to 2.9.16 to take into consideration holidays and any other absence.
- 2.11.19 It is the responsibility of the individual budget holders to ensure they inform the Finance Manager when either income or expenditure is likely to be significantly under or over budget and to explain any variances.
- 2.11.20 Variations in actual income and expenditure against budget will be reported to the ELHA Board at least every quarter by the Director of Finance & Corporate Services.
The reports shall include as a minimum:
- Statement of Comprehensive Income
 - Statement of Financial Position
 - Key variance analysis and Covenant compliance report
 - Projected outturn against budget for the year
- 2.11.21 Where additional expenditure is identified as being necessary, authorisation will be sought from the ELHA Board in accordance with its delegated powers or from the ELHA Board / 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 ELHA Board / Subsidiary Board meeting for homologation.
- 2.11.22 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 ELHA Board / Subsidiary Board. 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.
- 2.11.23 Where an officer proposes
- (a) A new policy
 - (b) A variation to an existing policy
 - (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 ELHA Board / Subsidiary Board.

Virement

- 2.11.24 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 & Corporate Services should also be advised.
- 2.11.25 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 & Corporate Services.
- 2.11.26 The Director of Finance & Corporate Services is responsible for submitting requests for virement of resources above agreed levels to the ELHA Board / Subsidiary Board for approval.

Budget Training

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

2.12 Accounting Policies

Basis of Accounting

- 2.12.1 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

- 2.12.2 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 the subsidiary are prepared in the format required by the Companies Act.

Basis of Consolidation

- 2.12.3 The consolidated financial statements merge the financial statements of the Association and its subsidiary undertakings for the financial year.

Approval

2.12.4 In line with the Standing Orders, the Risk & Audit Committee review the Annual Financial Statements from the perspective of compliance with Accounting Policies, Standards, law and regulations, and their consistency with prior reporting of financial results during the year, advising the ELHA Board on any matters of discretion available within the Annual Financial Statements.

2.12.5 The Risk & Audit Committee are also required to agree ELHA's Accounting Policies and recommend their adoption by the Board.

2.13 Accounting Returns

2.13.1 The Director of Finance & Corporate Services 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 & Corporate Services is also responsible for ensuring that all grants due from the government and other bodies are received.

2.14 Accounting and Accounting Records

2.14.1 The Director of Finance & Corporate Services 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.

2.14.2 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, accounts books, purchases and sales information) (six years)
- All PAYE Records (six years)
- Construction Industry Scheme Records (six years)
- VAT records (six years)

2.14.3 For auditing and other purposes, the Group should retain other financial documents for six years. These should include a minimum fixed asset register, loan register, cash book, sales and purchase invoices and bank statements.

2.15 Internal Controls

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

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- 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

2.15.2 Key controls include the monthly reconciliation of bank and control accounts. Where the control is performed by the same member of staff who has carried out the transaction being controlled, the control will be reviewed by another suitably qualified member of staff.

2.15.3 The Director of Finance & Corporate Services 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 & Corporate Services 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 & Corporate Services.

3.1.2 Levels of charges and rents are approved by the ELHA Board / Subsidiary Board.

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

3.1.4 The Director of Finance & Corporate Services 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 & Corporate Services is responsible for ensuring that all claims for funds are made by the due date.

3.2 Borrowing and Investing

3.2.1 The Association's borrowing powers are set out in its rules.

3.2.2 The Group "Treasury Management Policy" sets out the requirements for borrowing and investing surplus funds.

3.3 Banking and Cash Arrangements

- 3.3.1 The ELHA Board is responsible for the appointment of the clearing bank.
- 3.3.2 The Director of Finance & Corporate Services is responsible for liaising with our bankers in relation to our bank accounts and the issues of cheques. The Director of Finance & Corporate Services has the authority to order all cheques and shall ensure that proper arrangements are in place for their safe custody.
- 3.3.3 Only the Director of Finance & Corporate Services may open or close a bank account for dealing with our funds or funds held on behalf of others, these must meet the criteria as set out in the Treasury Policy and Procedures.. All bank accounts shall be in the name of the Association or its Subsidiary.
- 3.3.4 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.
- 3.3.5 The Director of Finance & Corporate Services 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.
- 3.3.6 The Director of Finance & Corporate Services 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.
- 3.3.7 We will not cash personal or other cheques out of money received.
- 3.3.8 All payments, including but not restricted to, electronic through internet banking, BACs transfers, or CHAPs must be signed in line with the authority levels set out in the Authorisations and Standard Charges / Allowances Policy.
- 3.3.9 Where the Group has access to electronic banking there should be appropriate procedures in place for its operation in line with the appropriate authority levels and ensuring segregation of duties.

3.4 Rents and Other Income

- 3.4.1 The procedures for collecting all sums due to the Group (including rents and other income) must be approved by the Director of Finance & Corporate Services. 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

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- 3.4.2 Rent levels and other charges are determined in accordance with the Association's Rent and Service Charge Policy, statutory and regulatory requirements.
- 3.4.3 Departmental Managers shall notify the Director of Finance & Corporate Services 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.
- 3.4.4 The Director of Finance & Corporate Services shall have the right to inspect any documents or other evidence in this connection as they may decide.
- 3.4.5 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.

3.5 Write off of Arrears, Pre-paid Debts and Balances

- 3.5.1 The authority to write off 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.

3.6 Stocks and Stores

- 3.6.1 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 & Corporate Services.
- 3.6.2 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 & Corporate Services
 - 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 & Corporate Services 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 & Value for Money Policy and the Authorisation and Standard Charges / Allowances Policy.

4.4 Orders for Works, Goods and Services

- 4.4.1 Orders for work, goods and services must be in a form approved by the Director of Finance & Corporate Services 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 will only be made by the Director of Finance and Corporate Services against invoices which have been certified for payment through the Finance system in line with the authority levels in the Authorisations and Standard Charges / Allowances policy.
- 4.5.3 Authorisation of an invoice will involve at least 2 staff in the process and will ensure that:
- The goods have been received, examined and approved with regard to quality and quantity, or that services rendered, or work done is satisfactory where appropriate, it is matched to the Purchase or Works Order
 - The price is in agreement with the original quotation or tender, or evidence has been provided explaining the variation, and found to be in the Group's responsibility to pay
 - Invoice details (quantity, price, discount) are correct
 - The invoice is arithmetically correct
 - The invoice has not previously been passed for payment
 - Where appropriate, an entry has been made on a stores record or departmental inventory
 - VAT issues have been complied with where they apply

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- An appropriate cost centre is quoted (this must be one of the cost centre codes included in the budget administrator's area of responsibility and must correspond with the types of goods or services described on the invoice)
 - Where an invoice is received direct from the supplier the invoice will be sent via the Finance system to the most appropriate person for coding (this will then be passed to another member of staff in line with the authorisation limits for approval)
- 4.5.4 Invoices must be passed to the Finance Department as soon as they have been received. This is to be done via the Finance Team email – finance@elha.com. Care must be taken by the budget holder to ensure that discounts receivable are obtained.
- 4.5.5 Payments to suppliers will be made on the basis of an original invoice. Copy invoices can only be processed if they have been received from the supplier and the supplier account has been checked and the Finance Team confirm the invoice has not previously been passed for payment.
- 4.5.6 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.
- 4.5.7 Payments are normally to be made on a fortnightly basis through BACs, dependent on the payment terms negotiated for the supplier or contract or by other electronic method. Urgent bank transfers will be issued by exception only.
- 4.5.8 The BACs payment will be approved in line with the authorised limits contained in Authorisations and Standard Charges / Allowances Policy. All invoices contained within this should have been already authorised. The BACS needs signed off by two people who have the authority limit to do so.
- 4.5.9 The artificial splitting of orders or invoices or use of the credit card to circumvent the Financial Regulations are expressly forbidden.

4.6 Contracts

- 4.6.1 Contract procurement or contractual document signing should follow the expenditure and authorisation limits set out in the Authorisations and Standard Charges / Allowances Policy.
- 4.6.2 Payments to contractors, whether on account or the final account, shall be made in accordance with the detailed procedures. Finance staff liaise regularly with Development Agents and Asset Management staff to monitor expenditure on contracts.

- 4.6.3 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 & Corporate Services (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, Recruitment & Selection and Pensions.
- 4.8.2 All staff shall be appointed to the EVH salary scales in line with the level of role and responsibility recruited to and in accordance with appropriate Conditions of Service. All letters of appointment must be issued by Executive Support Officers.
- 4.8.3 The Executive Support Officer (HR) shall be responsible for ensuring they are notified of all matters relating to personnel for payroll purposes. In particular these include:
- Appointments, resignations, dismissals, suspensions, secondments and transfers
 - Absences from duty for sickness or other reason, apart from approved leave
 - Changes in remuneration including normal increments and pay awards
Information necessary to maintain records of service for pension, income tax, national insurance etc
 - Deductions from salaries
- 4.8.4 The Director of Finance and Corporate Services is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All employees including bank workers will be included on the payroll.

Approved by ELHA Board 25/09/25

- 4.8.5. Annual salary reviews will be undertaken as specified in the Group's Terms and Conditions of Service and will be approved by the ELHA Board / Subsidiary Boards.
- 4.8.6. The ELHA Board / Subsidiary Board is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.
- 4.8.7. The Director of Finance & Corporate Services is responsible for day to day pension matters, including paying over contributions to various authorised pension schemes and preparing returns to various pension schemes.
- 4.8.8. Salary and related personnel records will be maintained in a form required by statute, and as agreed by the Director of Finance & Corporate Services.
- 4.8.9 All statutory returns will be completed and submitted timeously.

4.9 Travel, Subsistence and Other Allowances

- 4.9.1. All claims for payments of mileage expenses, subsistence allowances, travelling and incidental expenses shall be authorised and paid in accordance with the Group's Expenses policy and procedures. ELHA Board Members' / Subsidiary Board Directors' are completed in a form approved by the Director of Finance & Corporate Services. Staff expenses are completed through the People HR system.
- 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 ELHA Board / Subsidiary Board.

4.10 Credit Agreements

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

4.11 Financial Irregularities

- 4.11.1 Staff are expected to immediately notify a Director if any matter arises which involves, or is thought to involve, irregularities concerning cash or other property or any suspected irregularity in the exercise of the financial functions of any part of the Association or Group. The Director of Finance & Corporate Services shall investigate and decide what further action is necessary in consultation with the Chief Executive.

Approved by ELHA Board 25/09/25

4.11.2 If the suspected irregularities involve the Chief Executive, staff must report any irregularities to the Chair of the ELHA Board in accordance with the Whistleblowing Policy.

4.11.3 The Director of Finance & Corporate Services shall submit a report to the Risk & Audit Committee if an employee:

- Has made or is about to make a decision which involves or would involve any part of the Association incurring unlawful expenditure
- Has taken, or is about to take, a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss or deficiency

4.11.4 Where the matter constitutes a Notifiable Event as defined by the Scottish Housing Regulator, the Chief Executive or Convener as appropriate. will ensure that the Regulator is notified.

4.11.5 A fraud register must be maintained and be available to view by the Risk & Audit Committee.

4.11.6 The fraud register is contained within the J:\Corporate\Registers\Fraud and Theft Register. The details of this register are reported annually to the Risk & Audit Committee.

4.12 Experian Checks

4.12.1 Prior to commencement of employment, an Experian Check will be carried out on staff recruited at senior level (Directors and Chief Executive roles). This is also applicable for the Finance Manager role.

4.13 Credit Cards

4.13.1 Company credit cards are held by those staff members noted in the Authorisations and Standard Charges / Allowances Policy and should be used mainly for electronic payments where there is no alternative method of payment. The limit on the cards is set out in the Authorisations and Standard Charges / Allowances Policy and they should only be used in line with the purchasing requirements in the Procurement and Value for Money Policy. In exceptional circumstances, where the Business Continuity Plan is invoked, spending can be authorised out-with ordinary practice as prescribed in the Procurement & Value for Money Policy where authorised by the Chief Executive or by the Director of Finance & Corporate Services under the delegated authority of the Chief Executive.

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 if in line with the approved capital and revenue budget and shall be in accordance with the authority levels in the Authorisations and Standard Charges / Allowances Policy.

Approved by ELHA Board 25/09/25

- 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 & Corporate Services. Equipment kept at our housing properties shall be separately identified and recorded.
- 5.1.3. The Housing Team will maintain a database of all housing properties owned, leased or disposed of by the Group which is held within the Housing Management system.
- 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.
- 5.1.7 Any material loss or damage to any individual asset coming to the attention of any member of staff shall be reported immediately to the appropriate Director and, where appropriate, consideration should be given to making an insurance claim.

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 & Corporate Services 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 with the Group's Policy "Disposal of Assets".
- 5.3.2 The disposal of land and properties in our ownership, must only take place with the authorisation of the ELHA Board or when delegated authority has been passed from the ELHA Board and in accordance with the Cause for Concern Stock Strategy.
- 5.3.3 All sales must be supported by an independent valuation.

Approved by ELHA Board 25/09/25

5.3.4. The Director of Housing is responsible for ensuring that all statutory requirements are complied with, and Regulatory body and other consents are obtained where required.

5.3.5 The Director of Finance & Corporate Services is responsible for ensuring that the relevant prior consents have been obtained from funders and the Scottish Housing Regulator where required.

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 Capitalised Components

5.5.1 The Associations policy on capitalisation of property components follows the definition contained within the Housing Statement of Recommended Practice 2018 (SORP).

5.5.2 The SORP notes that "any works to housing properties which do not replace a component or result in an incremental future benefit of a housing property must be charged as expenditure in the Statement of Comprehensive Income. This includes expenditure incurred to ensure that the housing property can maintain its existing level of net rental income".

5.5.3 The Association chooses to interpret this to mean that we will only capitalise a component when the full component is replaced. For example, a toilet replacement in a bathroom does not replace the full component, once the full bathroom (bath/shower, sink etc) is replaced, the component would be capitalised. The toilet replacement would be accounted for as revenue expense.

5.5.4. The cost of the component to be capitalised will be determined by the Association's component accounting procedure.

5.6 Other Fixed Assets

5.6.1 The Groups policy on capitalisation of other Fixed Assets (non property) is to capitalise purchases over £1,000. For example, if 10 mobile phones were purchased at £150 each, costing £1,500, this would not be capitalised given the individual asset is less than £1,000.

5.7 Development Schemes

5.7.1 The ELHA Board must approve the financial appraisal of each development scheme prior to contracts being signed and ensure that appropriate grant funding and private finance for the development is in place prior to acquisition of a site or the letting of a building contract.

Approved by ELHA Board 25/09/25

- 5.7.2 The Director of Finance & Corporate Services shall be responsible for ensuring that adequate accounting systems are in place to enable the Association to comply with the relevant grant requirements. The Finance Manager shall ensure that timely arrangements are in place to claim all available grants.

5.8 Treasury Management

- 5.8.1 The Group's Treasury Management strategy and arrangements are set out in its Treasury Management Policy. The ELHA Board is responsible for monitoring the operation of this policy.
- 5.8.2. All money in the hands of the Group shall be aggregated where possible or appropriate for the purposes of Treasury Management.
- 5.8.3. The Director of Finance & Corporate Services is responsible for all executive decisions on borrowing, investment or financing.
- 5.8.4. The Director of Finance & Corporate Services shall report to the ELHA Board 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.
- 5.8.5 The Director of Finance & Corporate Services 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

- 6.1.1. In certain circumstances it may be advantageous to the Association to establish group structures or subsidiaries to undertake services on its behalf. The ELHA Board is responsible for approving the establishment of group structures or subsidiaries and the procedure to be followed in order to do so.
- 6.1.2. It is the responsibility of the ELHA Board 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 ELHA Board is responsible for developing a risk management framework, 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 ELHA Board / Subsidiary Boards on an annual basis in accordance with our Risk Management Framework.

6.3 Insurances

- 6.3.1. The Director of Finance & Corporate Services is responsible for effecting insurance cover as required to protect the Association, its subsidiary and its assets. This is done in line with the insurance policy.
- 6.3.2 A register will be kept of insurance cover in place.
- 6.3.3 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 & Corporate Services is responsible for advising 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 & Corporate Services 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 & Corporate Services 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.
- 6.4.3 For new projects it is the responsibility of the relevant Director/Manager to notify the Finance Team, to seek guidance on any impact on the tax affairs of the Group.

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 General Data Protection Regulations. 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 General Data Protection Regulations.

Approved by ELHA Board 25/09/25

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 ELHA Board 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.

6.7 Agency Staff & Consultancy

6.7.1 The Group may from time to time procure the services of a consultant/contractor or agency worker to operate in a specific job role. This could be, but is not limited to, backfilling a post until a permanent member of staff is recruited.

6.7.2 All consultants/contractors/agency staff brought in to cover a certain job role, ie Director post, will be given the same level of authority, as set out in the Authorisations and Standard Charges / Allowances policy, as that of a full-time member of staff. This will only be done once an Experian check on that individual has been done to confirm it is appropriate for them to act in this capacity.

6.8 Training

6.8.1 The Director of Finance & Corporate Services will ensure that all staff are updated on any revisions to this policy as soon as possible after the revisions have been approved. This will be done via a staff brief presentation,

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 Framework
- Procurement and Value for Money
- Insurances

- Payroll
- Rents and Service Charges
- Rent Arrears
- Chargeable Repairs
- Recharge of Costs to Owner Occupiers (procedure)
- Information Technology Systems
- Gifts and Hospitality
- ELHA Board and Staff Expenses
- Fraud and Theft
- Anti-Bribery and Corruption
- Finance Department Procedures

7.2 Monitoring and Review

The Director of Finance & Corporate Services will ensure that these Financial Regulations are reviewed at least every three years, or earlier if required by legislation, regulation or organisation change. Any amendments required will be submitted to the ELHA Board for approval.