



<b>FINANCIAL REGULATIONS</b>	
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## FINANCIAL REGULATIONS POLICY STATEMENT

*Osprey Housing believes that efficient and robust financial regulations are vital in ensuring financial viability and economic effectiveness.*

We embrace high quality financial management and this is encompassed in our Core Values:

- **Ambition and Achievement** – we are a high performing organisation delivering through innovation and challenge
- **Equality and Respect** – we recognise and celebrate the unique value in everyone
- **Quality and Professionalism** – we strive to deliver high standards
- **Agile and Responsive** – we are flexible and quick to deal with change without diminishing our delivery

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## Section 1 – Introduction, Objectives & Principles

### 1.1 Introduction

Registered Social Landlords (RSLs) are expected to exercise high quality financial management in all aspects of their business activities. This is articulated in the most recent regulatory standards/guidance published by the Scottish Housing Regulator (SHR) entitled “Regulatory Standards of Governance and Financial Management” (published in February 2019) where it states “the RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay” (Regulatory Standard 3).

To conduct its business effectively The Group comprising of Osprey Housing Ltd (OH) and Osprey Initiatives Ltd (OIL) must ensure that it has sound financial management systems in place and that they are strictly adhered to.

The Osprey Group is committed to delivering a high standard of Financial Management to meet all regulatory requirements by adopting and promoting good practice. Part of this process is the establishment of Financial Regulations, which set out the financial policies of the Group.

### 1.2 Objectives of the Financial Regulations

The Financial Regulations are intended to:

- 1.2.1 Provide a clear simple set of rules laying out the procedures and standards required in the conduct of financial transactions.
- 1.2.2 Ensure that decisions are delegated to the appropriate level consistent with the policies of the Group and proper financial management.
- 1.2.3 Ensure that the regulations are binding upon the Group’s officers and those acting for the Group, whether as employees, as persons seconded from another organisation, or as agents or consultants.

### 1.3 Status of Financial Regulations

- 1.3.1 The financial regulations of the Group form part of its overall system of financial and management control. The governing Articles/Rules, the terms of reference of the Governing Bodies and their Committees, and the standing orders outline how the Group will be controlled and run.
- 1.3.2 This document sets out the Group’s financial regulations, which form part of the standing orders. It translates into practical guidance of the Group’s policies relating to financial control. The financial regulations apply to OH and all its subsidiary undertakings.

1.3.3 Compliance with the financial regulations is compulsory for all staff connected with the Group. It is the responsibility of the Senior Leadership Team (SLT) to ensure that their staff are made aware of and understand the content and necessary impact of the financial regulations.

1.3.4 The Resource & Governance Committee (R&G) is responsible for maintaining a continuous review of the financial regulations and advising the Group of any additions or changes necessary.

1.3.5 The Group's detailed financial procedures set out how the regulations will be implemented.

## 1.4 Financial Control

### 1.4.1 The OH Board

The OH Board has ultimate responsibility for the Group's finances. Its responsibilities include:

- To ensure the financial stability and viability of the Group.
- To safeguard the Group's assets.
- To ensure the effective and efficient use of resources.
- To ensure compliance with legislative/regulatory requirements.
- To ensure financial control systems are in place and are working effectively and that the external auditor produces a statement of assurance annually.
- To ensure that the Group complies with the regulatory body's code of audit practice and considers the external auditors management letter.
- To approve the Group's Strategic and Financial Plans.
- To approve annual budgets and financial statements.
- To agree and approve the Group's Treasury requirements.
- To determine any unplanned/unscheduled audits as circumstances require.
- To recommend to the OH annual general meeting (AGM) the appointment of the Group's external auditors.

### 1.4.2 Governance Structure

The OH Board delegates some of the above responsibility to Committees as per the Schedule of Delegated Authority (SoDA).

#### 1.4.2.1 The R&G Committee:

- Is independent, advisory on financial matters and both reports and is accountable to the OH Board.
- Has a right of access to obtain all the information necessary and to consult directly with the internal and external auditors.
- Is responsible for identifying and approving appropriate performance measures for internal and external audit and

for monitoring said performance.

- Must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and that the Board is able to give an annual statement of assurance in respect of financial control systems.
- Is responsible for ensuring compliance with the requirements of the Office of the Scottish Charity Regulator (OSCR), the Scottish Housing Regulator (SHR), Companies House and any other regulatory bodies.
- Full terms of reference are incorporated in the SoDA.

#### 1.4.2.2 The Corporate Services Committee (CSC)

- Is accountable to the OH Board.
- Has delegated responsibility for matters associated with HR, IT and Corporate facilities in accordance with the Group's approved policies.
- Full terms of reference are incorporated in the SoDA.

#### 1.4.2.3 The Housing Committee (HSC)

- Is accountable to the OH Board.
- Has delegated responsibility for matters associated with customer facing service delivery, the allocation and letting of properties and the effective repair, maintenance and improvement of the housing stock in accordance with the Group's approved strategies and policies.
- Full terms of reference are incorporated in the SoDA.

#### 1.4.2.4 Osprey Initiatives Ltd (OIL)

- Is accountable to the OH Board
- Has delegated responsibility for matters associated with delivering the Group's non-charitable activities.

## 1.5 Audit Requirements

1.5.1 The Director of Finance (DoF) is responsible for drawing up an audit plan timetable including final accounts and to advise and liaise with both staff and the external auditors accordingly.

1.5.2 The accounts and external audit management letters are reviewed by the R&G Committee, which will be responsible for recommending them for approval.

1.5.3 External and internal auditors shall have authority to:

- Access Group premises at reasonable times.
- Access all assets, records, documents and correspondence relating to any financial and other transactions of the Group.
- Request and receive such explanations as are necessary concerning any matter under examination.

- Require any employee of the Group to account for cash, stores or any other property under their control or responsibility.
- Access records belonging to third parties, such as contractors when required.

1.5.4 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, the Director- concerned shall notify the DoF or Chief Executive (CEO), in accordance with the Group's anti-bribery and corruption policy. Appropriate steps will be taken by way of investigation and involvement of internal audit and the matter will be reported by the CEO to the SHR and/or the Police as required.

## 1.6 External Audit

1.6.1 The appointment of external auditors will take place annually at the relevant AGM but it is the responsibility of the OH Board to make recommendations following advice received from the R&G Committee.

1.6.2 The primary role of external audit is to report on the Group's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the code of Audit Practice and the Financial Reporting Council's auditing standards. Each year the R&G Committee review the effectiveness of external audit and, provided the auditors' work is of a sufficiently high standard and reasonably priced, will normally recommend that the OH Board reappoint them. Apart from exceptional circumstances, a competitive tendering exercise will be held at least every seven years.

## 1.7 Internal Audit

1.7.1 The OH Board on the recommendation of the R&G Committee appoints the internal auditor.

1.7.2 The main responsibility of internal audit is to provide the Board, the CEO and SLT with assurances on the adequacy of the internal control systems.

1.7.3 The internal audit service remains independent in its planning and operation and has direct access to the CEO and the R&G Committee.

1.7.4 The internal auditor will comply fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework.

## 1.8 Other Audit

1.8.1 The Group may, from time to time, be subject to audit or investigation by external bodies such as HMRC who have statutory rights of access.

## 1.9 Responsibilities & Delegation

1.9.1 The Board delegates authority to the CEO to administer the daily operation and the financial aspects of the day-to-day business of the Group as per the SoDA.

## Section 2 – Accountancy

### 2.1 Financial Control and Accounting

2.1.1 The systems of financial control and the form of the Group's accounts and supporting records will be determined by the DoF, who will be responsible for ensuring that they are observed, kept up-to-date, and comply with the requirements of statute, accounting standards and recommended practice.

2.1.2 The DoF will be responsible for ensuring that the Group has in place systems of internal financial control that will give reasonable assurance that risks, both financial and otherwise, are minimised. Any amendments/improvements must adhere to the principles of these controls.

2.1.3 Within the Group's financial procedures, basic principles of internal check and segregation of duties will be demonstrated by the following:

- Where possible duties of providing information, calculating, checking, reconciling and recording sums due to or from any Group company or third party shall be kept separate from the duty of collecting or disbursing them.
- Where possible officers charged with examining and checking accounts of cash transactions shall not themselves action such transactions.
- The finance system must be a complete record of all transactions. All transactions are to be recorded on the finance system without delay. Costs must be recorded as soon as the commitment is entered into and income must be recognised as soon as it becomes receivable.

2.1.4 As soon as practicable, but within the required statutory timeframe, the DoF must submit to the Board of each Group entity its annual Financial Statements. These should be compiled in accordance with the current recommended form of accounts for RSLs and also meet statutory requirements.



## 2.2 Budgetary Control Process

- 2.2.1 The DoF in consultation with the CEO and SLT shall determine the timetable, process and detailed format of the budgets, which are presented annually for consideration by the R&G Committee, before submission to the relevant Board for approval.
- 2.2.2 Each budget should align with the Group's strategic business plan and ensure that all relevant income and expenditure, assets and liabilities are included.
- 2.2.3 The approval of the budget by the Board provides authority to incur expenditure, subject to the provisions of these Financial Regulations.
- 2.2.4 All expenditure is to be charged to the appropriate budget code. At budget holder level, budget holders have the authority to manage their budgets within the overall approved budget. This is subject to the Expenditure Authorisations as detailed in the SoDA, subject to capital/revenue treatment and loan covenant compliance.
- 2.2.5 Budgets must only be committed by authorised budget holders.
- 2.2.6 The annual budget forms year 2 of each update to the Long Term Financial Plan. The Finance Department must be made aware of any items where it is inappropriate to project these in line with planning assumptions.

## 2.3 Budget Monitoring

- 2.3.1 The DoF has the overall responsibility to ensure that quarterly statements of actual income and expenditure against budget and other relevant information including forecasts (management accounts) are prepared and issued on a timely basis.
- 2.3.2 Management accounts will be made available quarterly and presented to the R&G Committee before onward submission to the relevant Board.
- 2.3.3 Any report to the R&G Committee and/or Board, which forecasts a material change to expenditure or income shall include an exceptions report, prepared by the budget holder along with a request for additional resources where applicable.
- 2.3.4 For capital expenditure, refer to Section 3 of this policy.
- 2.3.5 Budget holders must make themselves aware of regulatory, legal or any other changes that may have a financial impact on their budgets.

## Section 3 – Capital

Definition of items, which can be categorised as Capital are land and buildings, inclusive of housing properties and their components, acquisition, installation or replacement of moveable or immovable plant and machinery, furniture, fittings, office equipment, IT equipment and any other capital equipment.

### 3.1 Developments

3.1.1 For each development scheme, a Scheme Viability Assessment will be prepared by the DoF as prescribed in the Development Strategy and will be presented to the R&G Committee for consideration prior to formal approval from the appropriate Board.

3.1.2 The development expenditure against the approved capital budget will be reported on a quarterly basis to the R&G Committee and the appropriate Board.

### 3.2 Housing properties and components

3.2.1 A register of housing properties will be maintained detailing acquisition and development costs, component allocation and details of funding for each scheme.

3.2.2 An annual component renewal budget will be prepared as per section 2.2.1 of these regulations.

### 3.3 Other fixed assets & intangibles

3.3.1 A separate fixed asset register shall be maintained for all non-housing assets, giving an adequate description of furniture, fittings, office equipment, IT equipment, plant, machinery and other capital equipment.

3.3.2 An annual other capital expenditure budget will be prepared as per section 2.2.1 of these regulations.

3.3.3 Each manager is responsible for safeguarding the assets of their department and ensuring that they are maintained in good working order. The DoF must be notified of any disposals or permanent diminution in the value of those assets.

3.3.4 The DoF shall be entitled to receive from each manager such information as is required for accounting, costing and financial record keeping purposes.

3.3.5 No asset of the Group shall be removed from its normal place of use other than in the ordinary course of the Group's business; neither shall it be used for purposes other than for the Group's benefit except in accordance with specific written authorisation by the manager concerned.

3.3.6 The Group's solicitors shall have the custody of the title deeds under secure arrangements, where not held by the lending authority.

### 3.4 Depreciation policy

3.4.1 All fixed assets owned by the Group will be depreciated over the expected useful life of that asset.

3.4.2 The governing bodies have determined asset lives and any changes must receive their approval. The lives are:

Land	Not Depreciated
Structure	100 years
Kitchen	20 years
Bathroom	25 years
Doors	25 years
Windows	25 years
Heating System	30 years
Boiler	15 years
Insulation	20 years
Fixtures, fittings and equipment	4 years
IT Equipment	4 years
Motor Vehicles	4 years
Office Property	50 years
IT Software	4 -10 years variable

3.4.3 Small items of expenditure, such as office or IT equipment costing less than £250, are treated as repairs and replacements and are expensed in the year of acquisition.

3.4.4 Depreciation has been charged on housing properties, calculated in accordance with FRS 102 and the SORP. Depreciation is not charged in the year of acquisition, but a full year is charged on year of disposal.

### 3.5 Disposal of Assets

3.5.1 Disposal of land and buildings, including property leases (excluding Scottish Secure Tenancy agreements) must only take place with the authorisation of the relevant Board.

3.5.2 Sales of land and buildings must be at a price determined by independent valuation and must be conducted at arm's length through the Group's solicitors.

3.5.3 All surplus plant, materials, equipment and furnishings, where no suitable trade-in arrangements have been made, shall be offered for sale if appropriate. Managers must endeavour to obtain best value, through the use open forms of advertisement, tender or auction except in circumstances where such methods are clearly inappropriate.

## Section 4 – Income collection

### 4.1 Control of income

- 4.1.1 The DoF is responsible for ensuring an appropriate control environment is in place in relation to collection of income due to the Group.
- 4.1.2 The Board determine levels of rents and service charges annually.
- 4.1.3 All receipt forms, books or other such documents shall be subject to the approval of the DoF, who shall require to be satisfied as to the arrangements for their control.
- 4.1.4 All monies received by an officer on behalf of the Group shall be recorded in a manner approved by the DoF and shall be paid to the relevant Group entity bank account without delay. Only authorised deductions for the replenishment of Petty Cash may be taken from any such money. Each officer who is concerned with these transactions must enter on the paying-in slip a reference to identify the amount paid in. Any officer in receipt of cash is responsible for taking all necessary precautions for its safety whilst it is in their charge.
- 4.1.5 Personal cheques must not be cashed out of money received on behalf of the Group.
- 4.1.6 The DoF must approve the payment methods for the collection of rents/service charges etc. The Director of Housing Services (DHS) should ensure that swift and effective action is taken to collect overdue tenant related debt in accordance with the Group's policies and procedures.
- 4.1.7 In respect of the collection of non-housing debt, the DoF should ensure that:
- Debtor invoices are raised promptly in respect of income due to the Group.
  - Debtors are raised on official invoices.
  - Swift and effective action is taken to collect overdue debts in accordance with the Group's policies and procedures.
  - Outstanding debts are monitored and reports are prepared accordingly.
- 4.1.8 The DoF is responsible for implementing credit arrangements.

### 4.2 Write Off of Arrears and Debts

- 4.2.1 The SoDA determines write off authority and levels.

### 4.3 Gifts, Hospitality and Donations

- 4.3.1 The CEO is responsible for maintaining records in respect of gifts, hospitality and donations made to or declined by the Group in accordance with the Group's Entitlements, Payments and Benefits policy and Staff & Governing Body Codes of Conduct.

## Section 5 – Treasury Management

### 5.1 Banking arrangements

- 5.1.1 All arrangements with the Group’s bankers are the responsibility of the DoF who is authorised to operate such banking accounts as consider necessary.
- 5.1.2 All accounts are to be held in the name of the particular Group entity.
- 5.1.3 The DoF is responsible for recommending to the relevant Board the determination of authorised signatories/bank mandated officers and cheque signing limits. These will be reviewed annually and any changes notified to the Group’s bankers.
- 5.1.4 The following people are authorised bank signatories on all of the Group’s bank accounts (in respect of the Chair & Vice Chair, this relates to the relevant Governing Body for which payment is being incurred):

Group A	Group B
Chair	Chief Executive
Vice Chair	Director of Finance
R & G Chair	
Director of Corporate Services	
Finance & Business Analyst	
Senior Finance Assistant	

Bank signatories and authorisations will be in accordance with the following limits:

Cheque Value	Any one Signatory from Group A or B	Any combination of two Signatories from Group A or B	Two Signatories minimum of one from Group B
£0 - £5,000	√		
>£5,000 - £250,000		√	
>£250,000			√

- 5.1.5 Access to the on-line banking facility (BACS) is restricted by the bank by use of an Authenticating Device. Authority to process such transactions is restricted to the CEO, the DoF, the DCS, the Finance & Business Analyst and the Senior Finance Assistant. However, these staff are only authorised to process such transactions where the approval of commitment and approval of invoice/expenditure has been carried out appropriately.
- 5.1.6 The DoF is responsible for ensuring an adequate internal control system exists and separation of duties throughout the payments process.

- 5.1.7 The DoF is responsible for ensuring that bank records are reconciled to each relevant account on at least a monthly basis.
- 5.1.8 The opening and closing of bank accounts and amendments to bank signatories must be recommended for approval by the R&G Committee and approved by the appropriate governing body. The DoF and CEO must verify operational amendments or internet banking user changes.
- 5.1.9 The ordering and control of cheques shall be the responsibility of the DoF.
- 5.1.10 All monies received shall be held securely within a safe until transferred to the appropriate bank account. Access to the safe shall be restricted to the Customer Services Assistants and members of the Finance Department.
- 5.1.11 Banking of monies received in the office shall be done on a timely basis.
- 5.1.12 The banking shall be prepared by a member of the Finance Department and independently checked, where possible, by another member of the Finance Department.

## 5.2 Investments and Loans

- 5.2.1 The R&G Committee is responsible for recommending for approval the Treasury Management policy setting out strategy and policies for cash management, long-term investments and borrowings. The DoF has a responsibility to ensure implementation, monitoring and review of such policies.
- 5.2.2 All executive decisions concerning borrowing, investment or financing (within agreed policy parameters) shall be delegated to the DoF and an appropriate reporting system established. All borrowing and investments shall be in the name of the appropriate entity and shall conform to any relevant regulatory requirements. The DoF and their staff are required to act in accordance with the Group's Treasury Management policy.
- 5.2.3 The DoF will regularly report to the R&G Committee in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated including monitoring compliance.

## Section 6 – Expenditure

### 6.1 Authority to order works, goods or services

- 6.1.1 Each budget holder has the authority to incur expenditure included in the approved budget for the services for which they are responsible, up to the level of the budget provision, subject to the authorisation levels stipulated in the SoDA.
- 6.1.2 Items of expenditure on supplies, goods, materials or services will be subject to the Procurement Policy where appropriate.
- 6.1.3 No work, goods or service shall be ordered or instructed except on an official order form. Where due to urgency or necessity an oral order is issued, it must be confirmed immediately in writing by the issue of an official order form. The supplier shall be requested to quote order numbers on all invoices.
- 6.1.4 The order form shall be in an approved format and authorised in accordance with the SoDA.
- 6.1.5 No order form is required in respect of supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases or other such exceptions as the DoF may approve.

### 6.2 Payment of accounts

- 6.2.1 The DoF is responsible for ensuring payment to suppliers for goods and services provided/supplied to the Group.
- 6.2.2 The DoF is responsible for deciding the most appropriate method of payment. Payment of accounts will normally be made twice a month by BACS or cheque as appropriate. In exceptional circumstances, the DoF will authorise urgent payments outwith this cycle.
- 6.2.3 Suppliers should be instructed by the budget holder to submit invoices for goods or services to the Finance Department. Preferably by email to [accounts@ospreyhousaing.org.uk](mailto:accounts@ospreyhousaing.org.uk).
- 6.2.4 Payments will only be made against invoices, which have been certified for payment by the appropriate budget holder. Certification of an invoice should be in accordance with the SODFA and will ensure that:
- The goods have been received, examined and approved with regards to quality and quantity, or that services rendered or work done is satisfactory.
  - The relevant expenditure has been properly incurred and is within the relevant estimate provision.
  - Where appropriate, it is matched to the order.

- Invoice details (quantity, price, and discount) are correct.
- The invoice is arithmetically correct.
- The invoice has not previously been passed for payment.
- VAT has been correctly calculated and applied.
- An appropriate cost centre is quoted. This must be one of the cost centre codes included in the budget holder's area of responsibility and must correspond with the types of goods or service described on the invoice.

6.2.5 Authorised accounts for payment shall be passed without delay to the Finance Department who shall make payment within the agreed credit terms.

6.2.6 Petty cash will be held in all offices for the purpose of the payment of small disbursements. The accounts will be maintained on an imprest basis and the level of imprest will be determined by the DoF. The accounts will be reconciled and analysed every time they are replenished to the original imprest level and the cash shall be counted. Requests to replenish the imprest must be supported by receipts.

## Section 7 – HR

### 7.1 Salaries and allowances

7.1.1 All staff shall be appointed to the salary scales approved by the Remuneration Committee and in accordance with appropriate conditions of service.

7.1.2 The DCS shall be responsible for keeping the DoF informed of all matters relating to payroll.

7.1.3 Evidence that all changes to payroll have been requested and authorised shall be achieved as follows:

- source documents for the payment of all salaries, wages, pensions, compensation and other benefits shall be authorised by the individuals line manager and/or DCS.
- A draft payroll report is generated by the Payroll system prior to the pay run and a check of all starters, leavers and changes will be undertaken within Corporate Services. These reports must be verified by the DCS, prior to the pay run.
- The DoF (or the CEO in their absence) must approve the payroll prior to the BACS process being completed.

7.1.4 Corporate Services in consultation with managers, shall ensure that all matters affecting the payroll are notified in a timely manner, utilising the methods defined by the Group. This includes:

- appointments, resignations, dismissals, suspensions and transfers.
- absence for sickness or other reasons, except for approved leave.



- changes in remuneration including normal increments and pay awards.
- 7.1.5 Each employee is responsible for providing information affecting their personal records or having a bearing upon pensions, income tax, national insurance and the like.
- 7.1.6 Staff appointments shall be in accordance with the approved establishments, grades, rates of pay and terms and conditions of the Group. The Remuneration Committee shall be responsible for approving any changes to the grading structure and rates of pay. Terms and conditions of employment will be the responsibility of the Corporate Services Committee (CSC).
- 7.1.7 Governing body members are unsalaried volunteers.

## 7.2 Travel and other expenses

- 7.2.1 All claims for payment of expenses shall be submitted in a way approved by the DoF.
- 7.2.2 The employee is responsible for ensuring any claims they make are wholly and necessarily incurred in line with the requirements of their work and in accordance with the Group Expenses Policy.
- 7.2.3 The immediate line manager (DoF or CEO in their absence) should undertake the authorisation of a claim. A claim by the CEO shall be authorised by the Chair or Vice Chair of the OH Board. The authoriser must be satisfied that the journeys are properly made, the expenses were wholly and necessarily incurred and that the allowances are in accordance with approved policies.
- 7.2.4 Payments for travel and other expenses shall be at rates determined from time to time by the Board. As far as possible, these rates will reflect HMRC allowable payments.
- 7.2.5 Officers claiming reimbursement of expenses incurred for business purposes must in all cases, produce an appropriate receipt.
- 7.2.6 Claims should be made monthly and, in any case, must be made at least quarterly, with all claims for a financial year being submitted within 14 days of 31st March.
- 7.2.7 Committee members are entitled to claim travelling and other expenses under the same circumstances and at the same rates as members of staff. The DoF, upon receipt of a claim to which receipts have been attached, giving details of the nature of and reason for the expense and authorised by the CEO, will make payment. All claims for a financial year must be submitted within one month of the financial year-end to allow appropriate disclosure in the annual accounts.

## Section 8 – Miscellaneous

### 8.1 Insurance

- 8.1.1 The DoF shall have overall responsibility for effecting insurance cover, for obtaining quotes and maintaining records.
- 8.1.2 Directors shall give prompt notification to the DoF of all new risks, or properties that require to be insured and of any alterations affecting existing risks and insurance.
- 8.1.3 The DoF is to be notified in writing immediately of any loss, liability or damage, whether or not the loss, liability or damage is covered by any of the Group's insurance policies, or any event likely to lead to a claim against or for the benefit of any Group member.
- 8.1.4 The DoF shall ensure an annual review of insurances is undertaken. This review will include an appraisal of the current levels of excess or any other form of self-insurance to ensure that all of the Group's assets and activities are properly insured in accordance with good practice and taking account of Value for Money. Any proposed changes will be reported to the R&G Committee for approval.
- 8.1.5 Directors shall consult with the DoF and with the Group's solicitors regarding the terms of any indemnity, which is required to be given.

### 8.2 Taxation

- 8.2.1 It is important for tax to be considered notwithstanding the charitable status of each entity. In general, being a charity and having charitable status does not automatically exclude or exempt any Group member from paying corporation tax, income tax or VAT.
- 8.2.2 Compliance with all elements of the Financial Regulations is essential for tax compliance, which relies upon transactions with customers, approved suppliers and contractors, having followed approved business processes only.
- 8.2.3 Communication with HMRC must be restricted to staff who manage the taxation process, unless agreed otherwise by the DoF.
- 8.2.4 Tax advice must not be commissioned from an external provider unless the DoF has been informed and commissioned the advice.

## 8.2.5 Corporation Tax

- 8.2.5.1 If any new activities or business within the Group is being contemplated, advice from the DoF must be obtained regarding the charitable status of the activity. This may be internal advice, or external advice can be commissioned, dependent on the complexity of the activity and the capital requirements.
- 8.2.5.2 All expenditure must be coded to the correct accounting system nominal code to ensure that any tax disallowable expenditure can be identified when the Annual Corporation Tax computation is performed.

## 8.2.6 VAT

- 8.2.6.1 All Group entities have the same Group VAT registration number which is 170485505. A single VAT return is submitted for the Group.
- 8.2.6.2 All supplies of service or goods, other than supplies between Group companies are potentially subject to VAT, therefore, any new areas of income need to be approved by the DoF, to ensure the correct VAT treatment is applied.
- 8.2.6.3 VAT compliant invoices must be issued for all sums receivable from customers, and other income. This must occur at the time of 'supply' to comply with the VAT rules.

## 8.2.7 Errors and Omissions

- 8.2.7.1 If anyone becomes aware that a transaction has been incorrectly treated for tax, they must notify the Finance Department immediately. There are substantial fines and penalties for failing to correct errors, which the taxpayer is aware of.

## 8.3 Security

- 8.3.1 Each Director is responsible for maintaining adequate security over all buildings, stocks, stores, cash, equipment, etc. under their control. The CEO must be consulted in all cases where security is thought to be defective or it is considered that any special security arrangements may be needed. Any Director who has an employee leaving the organisation must undertake appropriate risk and security assessments as soon as is practicable.
- 8.3.2 Maximum limits for petty cash holdings are to be determined by the DoF from time to time and these are not to be exceeded. These limits will reflect the sums insured. The DoF is responsible for ensuring adequate insurance cover is in place for cash and other assets.
- 8.3.3 At all times, keys to safes, etc. must be kept securely by those responsible and any loss reported to the DoF immediately.

## 8.4 Stocks and stores

8.4.1 Each Director is responsible for the care, custody and level of stock and stores in their department.

8.4.2 Stocks must not be held in excess of normal requirements except in special circumstances and with the written approval of the DoF.

## 8.5 Review

8.5.1 These Financial Regulations will be approved by the OH Board having received recommendations from the R&G Committee. It will be reviewed every three years unless amendment is prompted by a change in legislation or updated regulatory guidance.