



**Lincolnshire Housing Partnership
Financial Regulations
July 2022**

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SECTION 1: FINANCIAL REGULATIONS

Introduction

- 1.1 The Financial Regulations of LHP form part of its overall system of Governance which includes financial and management control. The Rules of LHP, the terms of reference of the Board, its Committees (the Audit and Risk Committee, Operations Committee, Finance Committee and People and Governance Committee) and the Standing Orders and Delegations outline how LHP will be controlled and run. The Financial Regulations are supported by a number of policies and procedures that describe the way that these regulations will be implemented.
- 1.2 Nothing in these Financial Regulations shall override instructions or conditions imposed by statute, Regulator or any other department or body which has a legitimate role in setting standards.
- 1.3 The Rules and Sections 1-5 of the Constitution will take precedence over these Financial Regulations where there is a conflict. Where there is a conflict between these Regulations and other policies or procedures issued by LHP from time to time, these Financial Regulations will take precedence.

Scope

- 1.4 These regulations apply to all companies in the Lincolnshire Housing Partnership Group.

Purpose

- 1.5 Financial Regulations provide the control framework within which the financial affairs of LHP are managed and sets out the parameters within which financial accountability is delegated to ELT and further.
- 1.6 The framework covers the following specific areas:
 - Financial planning, reporting and budgetary control
 - Financial controls, systems, and procedures
 - Treasury and Banking
 - Income
 - Expenditure
 - Payment methods
 - Payroll, pensions, and expenses
 - Assets
 - External arrangements
 - Risk management, insurance, and security
- 1.7 These Financial Regulations are not designed to detail all the financial controls

and procedures which exist across within LHP but set out the principles and parameters within which these should operate.

Responsibilities for Financial Regulations

- 1.8 The Board has ultimate responsibility for LHP's finances. In accordance with the Scheme of Delegations, it is the responsibility of the Executive Director of Finance to ensure that robust Financial Regulations are developed and maintained and that a full review of Financial Regulations is undertaken annually. The Audit and Risk Committee will scrutinise and recommend Financial Regulations for approval to the LHP Board on an annual basis.
- 1.9 Any substantive amendments between annual reviews will be proposed to the Audit & Risk Committee for scrutiny and recommendation to the LHP Board. Minor amendments or routine changes (such as reflecting changes to job titles or departmental structures below CLT) may be approved by the ELT. Following the approval of such changes, it is the responsibility of the Executive Director of Finance to ensure that the updated regulations are published on Basecamp and managers alerted to revisions.
- 1.10 Financial Regulations apply to all Board members, directors, permanent and temporary employees, consultants, and others working on behalf of LHP; it is the responsibility of each person to read, understand and apply these regulations. The up-to-date version is maintained on Base Camp.
- 1.11 The detailed accounting policies and financial procedures are contained separately. It is the Executive Director of Finance's responsibility to prepare and maintain LHP's accounting policies and financial procedures, setting out how the regulations will be implemented.
- 1.12 Financial controls at LHP are robust but they can never provide absolute certainty that errors and breakdowns will not occur, therefore it is the responsibility of all employees to report any issues of which they become aware which might give cause for concern.

Responsibilities for the LHP Board

- 1.13 The LHP Board has ultimate responsibility for the financial aspects of LHP's business with a statutory responsibility under law to ensure that LHP is financially responsible and a regulatory obligation to ensure that:
 - effective controls and procedures are in place to ensure security of assets and the proper use of public funds.
 - effective systems are in place to monitor and accurately report delivery of their plans.
 - the risks to delivery of financial plans are identified and effectively managed.
- 1.14 The Board delegates certain financial responsibilities to the Audit and Risk

Committee and the Finance Committee, which are detailed in the Constitution and Terms of Reference. The Audit and Risk Committee and Finance Committee are accountable to the Board. The Board can, from time to time, set up working parties for which terms of reference and any decision-making power will be established.

- 1.15 All Board and Committee Members are expected to operate in accordance with the Constitution of the Company and to comply with the Code of Conduct for Board Members and Employees to achieve the Corporate Objectives.
- 1.16 All accountabilities for the Board and Committees are set out in Standing Orders and these Financial Regulations are congruent with them.

Responsibilities of the Executive Leadership Team

- 1.17 The Chief Executive is responsible to the Board for the day to day running of LHP and the implementation of the strategy and policies approved by the Board and for the overall financial control of the organisation and the provision of financial information.
- 1.18 These Financial Regulations set out the basis of the Chief Executive's powers to delegate authority to individuals on financial related matters and are intended to enable the efficient operation of LHP and the achievement of Corporate Objectives.
- 1.19 The Executive Director of Finance is responsible for the day-to-day financial administration of LHP. They are responsible to the Chief Executive and the Board for:
- 1.20 All Executive Directors are responsible to the Chief Executive for financial management in their own areas. They are advised by the Executive Director of Finance in the execution of their financial duties.
- 1.21 The ELT will submit to the Executive Director of Finance, as required, all information for costing and accounting purposes within the agreed timescales. They will also allow the Executive Director of Finance access to all accounts, records, and documents.
- 1.22 Each member of the ELT is responsible for establishing and maintaining clear lines of responsibility within their department for all financial matters. Where resources are devolved to budget holders, the budget holder is accountable to the appropriate member of the Executive for their own budget.
- 1.23 All Executive Directors and Managers should ensure sound financial management and effective control over their areas of responsibility in accordance with the strategies and policies approved by the Board and the Chief Executive and these Financial Regulations.

Responsibilities of Employees

- 1.24 All employees are expected to operate in accordance with the Constitution of the

Company and to comply with the Code of Conduct for Board Members and Employees to achieve the Corporate Objectives.

1.25 All employees should be aware of and familiar with the Constitution comprising Standing Orders, Delegation Schedule, Financial Regulations, and the Procurement Rules as far as they affect their own role and the extent of their own authority.

Key Principles

1.26 These Financial Regulations are based on the following principles:

- Putting in place controls which are effective but also practical to operate.
- Ensuring consistency with other policies and regulations and within Financial Regulations.
- Providing clarity to all employees on accountability for the financial controls set out in the Financial Regulations.
- Balancing the cost of operating controls with the risks the controls aim to mitigate.
- Effective segregation of duties in roles and responsibilities is fundamental to the operation of effective financial controls.

SECTION 2: FINANCIAL PLANNING, REPORTING AND BUDGETARY CONTROL

Overview

- 2.1 The business planning and budget approval process provides a key control in ensuring that LHP remains financially viable and is using its resources efficiently and effectively to deliver its Corporate Strategy objectives.
- 2.2 The Executive Director of Finance is responsible for ensuring that systems, processes, and controls are in place to deliver business plans, budgets, management accounts and financial statements to timetable.

Financial Year and Currency

- 2.3 The financial year is from 1 April to 31 March, unless amended by Board resolution. All transactions must only be completed in sterling £GBP, except for the S&P Ratings Agency charge which must be paid in Euro's.

Business Planning

- 2.4 The business plan provides the framework for medium and long-term financial decisions and performance monitoring.
- 2.5 The business plan will cover a 30-year timescale in line with funders and the regulator's expectations and will comprise as a minimum:
 - Commentary – setting out how the entity will meet the objectives and targets set out in the Corporate Plan and the assumptions used within the plan.
 - Statement of Comprehensive Income
 - Statement of Financial Position
 - Cash flow projection
 - Schedules demonstrating covenant compliance and compliance with the LHP golden rules, as detailed in the Treasury Management Policy.
 - Schedules setting out the Financial KPIs
 - Sensitivity analysis and stress testing for key economic and business assumptions and wider scenario analysis
 - Mitigation plan to address situations identified in the Sensitivity analysis and stress testing.
- 2.6 The business plan will be reviewed annually by external treasury advisors. This review will include the suitability the business plan assumptions and the multivariant stress testing performed.
- 2.7 The business plan will be updated annually as a minimum. The plan will be scrutinised by the Finance Committee before being recommended to the Board for approval at the March board meeting.
- 2.8 The regulatory return relating to the business plan, the Financial Forecast Return (FFR) will be submitted to the regulator via the NROSH online system no later than 30th June annually.

2.9 The business plan will be reviewed and updated and presented to the Board as part of the Q1 and Q2 financial report. These updates will include as a minimum economic forecast information and any other relevant changes to the plan. The Q3 report to the Board will provide an early view of the business plan which will be presented to the March Board and will provide the opportunity for Board members to review and comment on the key assumptions.

Annual Budget

2.10 The annual budget provides the financial framework for achieving LHP's objectives, in line with the Corporate Strategy, for the coming year, providing a reference for decision making and monitoring performance. As such, the budget must be approved by the Board before the commencement of the financial year to which it relates. The annual budget must reconcile fully to the first year of the 30-year business plan.

2.11 The Executive Director of Finance is responsible for setting out the format and content of the budget approval paper to the Board, which will include as a minimum:

- Commentary
- Statement of Comprehensive Income
- Statement of Financial Position
- Capital Budget
- Loan covenant calculations, showing compliance with both LHP golden rules and covenants.
- Budgeted headcount

2.12 It is the responsibility of each Corporate Head of Service, in conjunction with their Executive Director and other departmental budget holders, to prepare departmental service delivery plans for review and approval by ELT. These plans must include a budget submission, in the format prescribed by Finance. The budget submission must be in line with your pre-approved budget envelope – total budget spend for the period must not exceed that included in the most recently approved business plan.

2.13 Any new change projects or departmental restructures included in the service delivery plan must be approved by ELT prior to inclusion in the budget submission.

2.14 Significant, one off, non-recurring expenditure will be separately identified through the budget process so that costs can accurately rolled forward for future years in the business plan.

2.15 The service delivery plan will be in the format prescribed by ELT and CLT and must set out the following year's income and expenditure (revenue and capital) to achieve their division's objectives in accordance with the format and timetable issued by Finance. Each CHOS will also provide a commentary which explains

the basis of the budget proposed, associated risks, details any savings made and reinvested and value for money.

2.16 Finance will centrally set the assumptions for budget items such as rent increases, salary increases, assumptions on taxation (NIC) and pension contributions.

2.17 ELT is responsible for scrutinising and approving the budget prior to submission to the LHP Finance Committee and Board.

2.18 The commentary for the Annual Budget approval paper will include any Value for Money improvements or initiatives included in the budget.

2.19 A cashflow forecast will be included within the Business Plan papers.

Budgetary Expenditure

2.20 Once authorised, the annual budget provides authority for employees to incur appropriate expenditure (in line with the authority limits set out in the Appendix A – (Schedule of Delegated Financial Authorities) against the budget to achieve the organisation's objectives.

2.21 All increases in Approved Headcount (Permanent and Temporary – but not including agency staff) require a business case to be approved by ELT; this can be done as part of the service delivery plan and budget setting process. Once the annual budget is approved, a specific business case for in-year changes would require approval.

2.22 Any other in year changes, such as change projects or business development activities, which have not been included in the approved annual must be subject to the approval of ELT.

Budgetary Control

2.23 It is the responsibility of each Executive Director to ensure that actual and proposed expenditure within their areas of responsibility is appropriate and remains within budget. Executive Directors may delegate day to day budget management and budgetary control to Corporate Heads of Service and managers within their directorate, although they retain overall responsibility for performance against those budgets. Under no circumstances must any commitment be entered into until adequate financial provision has been made.

2.24 It is the responsibility of the Executive Director of Finance to ensure that adequate systems and reports are available to budget holders to enable them to effectively set, monitor and manage their budgets.

2.25 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. Budget holders are responsible to their Executive Director for their budget. The budget holder will be assisted in this duty by management information provided by the Finance Team and by their Finance

Business Partner.

- 2.26 All authorities to incur expenditure by individual employees will be documented showing the maximum limits of authority to commit expenditure and communicated to the budget holder.
- 2.27 Transfers between approved budgets are not permitted. The total budgeted level of expenditure should not be exceeded without formal approval by the Board. If there is a significant change in operational activity or policy that will affect the financial position of LHP the Board will be provided with a report outlining the financial impact of the change.
- 2.28 The Board may approve an overspend against the agreed budget at any time during the year.

Financial Forecasts

- 2.29 Each Director is responsible for providing an updated forecast of income and expenditure for which they are accountable each quarter, along with a commentary explaining variances to budget. Forecasting performance against budget actively and accurately is an important budgetary control and this process will be supported by Finance business partners. This review can be delegated to budget holders within the directorate, but accountability is retained by the Executive Director.
- 2.30 Where a budget holder forecasts an adverse movement against their agreed total budget for the year, the budget holder and accountable Executive Director should instigate remedial action, where possible, to bring the variance back in line with budget. Where no remedial action is possible, Finance will work with the accountable Executive Director to assess the impact of the variance on the overall business forecast for the financial year and any potential impact on the business plan.
- 2.31 The annual forecast will be included in the month 3, 6 and 9 management accounts and reported quarterly to Board, as part of the quarterly finance report.

Cashflow Forecasts

- 2.32 Cash flow forecasts will be modelled each month by the Treasury Manager and the impact of changes on the funding requirements will be assessed and reported to CLT and ELT via the monthly 'Finance Update.'
- 2.33 Each month to the agreed timetable, Development will ensure that Sequel (the IT system which Development uses to record and manage the development strategy and delivery of targets) actuals and forecasts for units, costs and sales income are up to date and accurate and that changes from the previous month's forecast are identified and explained.
- 2.34 Development will also provide detailed weekly cash forecasts for the coming month (based on the monthly Sequel forecasts validated for actual payment dates) to enable the efficient management and drawdown of funds.

2.35 The Corporate Head of Assets is responsible for approving the Sequel forecasts used in the monthly cash flow forecasts.

2.36 Cash flow forecasts will be provided to the Board each quarter as part of the Finance Report.

Management Accounts

2.37 Management accounts comprise a key element of financial control in that they enable the wider Leadership Team and the Board to understand performance against budget and forecast.

2.38 The Executive Director of Finance is responsible for setting out the format and content of the management accounts. The format will follow the statutory reporting format as closely as practical, and the management accounts will include as a minimum:

- Commentary on major variances to budget for the full year forecast and the year-to-date actual income and expenditure
- Statement of Comprehensive Income
- Statement of Financial Position
- Cash flow projection – this will be in the treasury report.
- Key performance indicators

2.39 Management accounts will be produced for each month except for month one.

2.40 The Executive Director of Finance is responsible for setting the timetable for management accounts and for the delivery thereof. Management accounts will be finalised within 10 working days of the period end.

2.41 Management accounts will be reviewed and approved by the LHP Board on a quarterly basis.

Accounting and Accounting Policies

2.42 The Executive Director of Finance is responsible for ensuring that the accounting policies, procedures, and accounting records within LHP are implemented and adhered to. These will be compliant with the relevant laws, accounting regulations and SORP's (Statement of Recommended Practice – for Housing).

2.43 The following accounting records will be kept as a minimum requirement:

- Nominal Ledger
- Cash Book and Bank Statements
- Purchase Ledger and Invoices
- Loan Register
- Fixed Asset Register

- Sundry Debtor Ledger
- Payroll Records
- Project Ledger details

2.44 The records should be kept such that they comply with the requirements of HM Revenue and Customs and any funding bodies, and in a manner consistent with statutory accounting regulations and good practice.

2.45 The Executive Director of Finance is responsible for maintaining accounting records to always enable:

- Identify the financial value of assets and liabilities
- Ensure properly due amounts are paid out
- Recognise and collect all income that is due
- Provide regular reports on the financial position to the Executive, the Board, Funders and Statutory or Regulatory bodies

2.46 Accounting and financial records must be retained for periods that comply with relevant legal requirements and best practice and the LHP document retention policy.

Financial statements

2.47 Financial statements are an important element of the financial control framework as they provide a statement of LHP's financial affairs which has been subjected to independent scrutiny and verification by LHP's external auditors.

2.48 The annual financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice – Accounting by Registered Social Landlords (SORP).

2.49 The Accounting Policies are approved by the Board, on recommendation from Audit and Risk Committee as part of approval of annual financial statements.

2.50 In accordance with the Regulatory Framework the financial statements also include LHP's value for money self-assessment in the Strategic Report.

2.51 The financial year end for LHP is 31 March.

2.52 The Executive Director of Finance is responsible for setting the year-end timetable and for ensuring that financial statements are prepared and audited for all members of the LHP Group within regulatory and statutory timescales.

2.53 The audited financial statements will be submitted to the Audit and Risk Committee (for recommendation to the LHP Board) and to the LHP Board for approval within five months of the financial year end. The Financial Statements will be presented alongside the External Auditor's management letter with management responses.

- 2.54 It is the responsibility of the Company Secretary to ensure that all financial statements are filed with the FRC or Companies House in accordance with statutory deadlines along with all necessary documentation or returns.
- 2.55 It is the responsibility of the Executive Director of Finance to ensure Financial Statements are submitted to the Regulator of Social Housing and the FVA regulatory returns are submitted, by 30th September following the year-end date and to funders in accordance with facility and bond agreements.

External Audit

- 2.56 The appointment of external auditors will take place annually and it is the responsibility of the Board to appoint the external auditors following recommendation from the Audit and Risk Committee.
- 2.57 External auditors may be appointed for a maximum period of five years, after which the service must be retendered.
- 2.58 The primary role of external auditor is to report on LHP'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 Auditing Practices Board's auditing standards.
- 2.59 The Executive Director of Finance will arrange for a management letter to be sent to the Board by the external auditors reporting on the findings of the audit and highlighting any areas of concern related to the audit and including recommendations to improve efficiency and systems of internal control.
- 2.60 The external auditors will be given the opportunity as required, but at least once per year, to meet the Board without Officers present to discuss any issues that might have arisen during their work and to highlight areas of concern.

Internal Audit

- 2.61 Internal auditors will be appointed on Audit and Risk Committee recommendation to the Board for an initial period of three years. The appointment may be extended for a further two years subject to satisfactory performance and agreement of the Audit and Risk Committee.
- 2.62 The main responsibility of internal audit is to provide assurance to the Board on the adequacy of the internal control system, and the consideration of the arrangements regarding risk management and governance. The internal audit service remains independent in its planning and operation and has direct access to the Board, Chief Executive and Chair of the Audit and Risk Committee.
- 2.63 The internal auditors will comply with the Institute of Internal Auditors' Code of Practice and Code of Ethics.
- 2.64 A three-year strategy and an annual programme of work will be approved by the

Audit and Risk Committee under its terms of reference. The programme will be based on an assessment of the needs of LHP and the risks it faces.

- 2.65 The Audit and Risk Committee shall receive individual reports on each area subject to review, including the management response to all recommendations raised.
- 2.66 An annual report on the results of the approved programme of Internal Audit, including a summary of the Internal Auditor's assessment of the effectiveness of the systems of internal control will be received by the audit and risk Committee. The annual report will also include a summary on the progress of implementing previously agreed recommendations.

Other Auditors

- 2.67 LHP may, from time to time, be subject to audit or investigation by external bodies such as the Regulator, FCA and HM Revenue and Customs.

Taxation

- 2.68 The Executive Director of Finance is responsible for ensuring that the Group complies with current taxation legislation and the appropriate recording and payment of tax liabilities, and the obtaining of appropriate professional advice to assist in fulfilling these obligations.
- 2.69 All proposals for changes in structure, business streams, new business ventures and major development initiatives must include due consideration of taxation issues and any potential impact on the existing taxation status of the LHP.

Group Structures and Subsidiaries

- 2.70 The Board is responsible for approving the establishment of group structures or subsidiaries and the procedure to be followed to do so. Compliance with LHP's Rules, loan requirements and regulatory guidance must be secured.
- 2.71 It is the responsibility of the Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by LHP. The Directors of companies where LHP is the shareholder must submit an annual report to the Board.
- 2.72 The Board together with the Executive Leadership Team will ensure that the relevant Organisations within the Group are operating within the permitted boundaries as laid down in the respective Memorandum & Articles, Rules, and other governance documents.

SECTION 3: FINANCIAL CONTROLS, SYSTEMS AND PROCEDURES

Overview

- 3.1 It is essential that an effective framework of control is in place over LHP's financial systems and data.
- 3.2 It is the responsibility of the Executive Director of Finance to ensure that robust systems of financial controls are in place and operating effectively. It is the responsibility of all employees to ensure that such systems and controls are adhered to.
- 3.3 The Company Secretary will be the Secretary for all Group Organisations to ensure that statutory and regulatory reporting requirements are met for the whole Group. All Group Organisations are required to provide all information requested by the Company Secretary within the required timescale.

Segregation of duties

- 3.4 Appropriate segregation of duties will be observed across LHP to ensure, as far as possible, the integrity of financial systems and data.
- 3.5 The preparation and processing of data should be separated from review and authorisation.

Control accounts

- 3.6 Control accounts provide a fundamental control over the completeness and accuracy of financial data held in the system.
- 3.7 It is the responsibility of the Executive Director of Finance to ensure that procedures are in place and operational to fully reconcile control accounts, including intercompany accounts, each month and that issues arising are addressed and resolved in a timely manner.
- 3.8 Reconciliations will be reviewed each month by one of the finance team managers, ensuring segregation of duties, and the review evidenced.

Security of financial systems and data

- 3.9 It is the responsibility of the Executive Director of Strategy, Culture and Digital to ensure that arrangements are in place to protect the security of systems and data held within them.

Access to financial systems

- 3.10 Allocation of access rights to finance systems must be approved by the Corporate Head of Finance and changes will be made by either Finance or Escone Support Solutions Ltd.

Delegated Authority

- 3.11 The delegated authority is a personal authority delegated to an individual in their current role and can only be delegated in accordance with these Financial

Regulations. Each individual must exercise proper discretion when authorising a transaction. This means that the authoriser should be satisfied that they have been delegated the authority to act and that all procedures have been correctly followed.

- 3.12 Everyone is responsible for ensuring they comply with these regulations and will be held accountable for their actions where there are failures using procedures set out in LHP disciplinary policy.
- 3.13 The maximum authority levels for each role within the Leadership Team is set out within Appendix A – (Schedule of Delegated Financial Authorities). Employees who report into the Leadership Team will have their delegated authority limits approved by ELT, but they will be no higher than the limits delegated to CLT roles. This table of delegated authority will be updated regularly, will be in line with electronic authorisation limits on key systems and will be available on Basecamp. Delegation of amounts in excess of the amounts specified must be clearly documented, approved by the Chief Executive and be for a specific period of time not exceeding three months.
- 3.14 An employee is authorised to enter into financial and other commitments on behalf of LHP within the limits set out in Appendix A – (Schedule of Delegated Financial Authorities) provided that:
- The matter is not subject to specific approvals as set out in set Financial Regulations or the Procurement Rules
 - That the costs have been provided for in a budget allocated for the purpose
 - All other policy and procedural requirements have been met.
- 3.15 The matters reserved to the Board (set out in the Constitution) shall be authorised by the Board or in accordance with specific delegations for each matter as determined by the Board. This may include delegation to individual Board Members, a Board Committee, the Chief Executive, or other officers.

Insolvency Procedures

- 3.16 The Board is responsible for ensuring that LHP or any of its subsidiaries ceases to trade if there are reasonable grounds for believing LHP or an individual subsidiary is insolvent. The Chief Executive and the Executive Director of Finance, in conjunction with information provided by fellow members of the Executive Leadership Team and other employees shall provide such appropriate information to the Boards and the Regulator should they suspect that the Group or one of its subsidiaries may be insolvent.

SECTION 4: TREASURY AND BANKING

Overview

- 4.1 This section refers to the management of all cash flows, cash investments and banking transactions.
- 4.2 LHP's approach to treasury management is governed by the Treasury Strategy, and the Treasury Management Policy (TMP). The Treasury Strategy and TMP are reviewed annually by the Finance Committee and LHP Board.
- 4.3 The Executive Director of Finance is responsible for ensuring processes and controls are in place to monitor LHP's cash flow requirements and ensure that funding is available to meet obligations as they fall due.

Appointment of Bankers

- 4.4 The Board is responsible for the appointment of LHP's bankers. The appointment shall be for three to five years after which consideration shall be given by the Board to competitively tendering the service.

Bank accounts

- 4.5 It is the responsibility of the Executive Director of Finance to ensure that procedures are in place and operational to fully reconcile bank accounts regularly and that issues arising are addressed and resolved in a timely manner. Reconciliations will be reviewed each month, ensuring segregation of duties, and the review evidenced by a finance team manager.

Deposits

- 4.6 Detailed requirements in relation to cash deposits are set out in the Treasury Management Policy (TMP).

Authorised signatories

- 4.7 Authorised signatories for bank mandates will be members of the Executive Leadership Team or Corporate Leadership Team, with the addition of approved finance team members for making approved, electronic bank payments. Bank mandate signing rules must state that the bank may act on the instructions of 2 of the above authorised signatories. Authorised signatories will be reviewed and updated as part of the annual review of the Financial Regulations. Details are in the table below.

Any two of the following to sign;
List A - Account Signatories
Chief Executive
Executive Director of Finance
Executive Director of Property

Executive Director of Customers
Executive Director of Strategy, Culture & Digital
Corporate Head of Finance
Corporate Head of Risk & Assurance
Any two of the following to sign;
List B - Payment approvers
Corporate Head of Finance
Finance Officer
Rent & Service Charge Officer
Chief Accountant
Corporate Finance & Performance Manager

SECTION 5: INCOME

Overview

- 5.1 An effective system of control over income is required to ensure that all income receivable by LHP is charged out on an accurate and timely basis; those procedures are in place to support prompt collection of income; and that control exists to ensure that all income is banked and correctly applied to customer or debtor accounts.
- 5.2 It is the responsibility of the Executive Director of Finance to ensure that proper controls exist over the raising of charges, the accurate recording of income receivable and the complete and accurate allocation of all income received.
- 5.3 Responsibility for ensuring effective controls over the collection of rental and other customer income is allocated to the Executive Director of Customers.

Rental and service charges income

- 5.4 Annual rent changes will be applied in accordance with the LHP Rent Policy and underlying tenancy and lease agreements.
- 5.5 The LHP Board will be responsible on an annual basis for approving the level of increase applied to rents, service charges and other charges and for ensuring these meet the requirements of the Regulatory Rent Standard.
- 5.6 Responsibilities for the annual rent and service charges review are as follows:
 - Executive Director of Finance – confirmation of rent charges and approval by Board; updating the Housing Management system with correct charges; notification of confirmed changes to residents and customers; delivery of half year service charge statements for variable service charge customers.
 - Executive Director of Customers –management of direct debits; advising Housing Benefit departments and DWP of changes to rents and service charges; updating Housing Management system of new Housing Benefit entitlements.

Payment options

- 5.7 It is the responsibility of the Executive Director of Customers to ensure that tenants and leaseholders are provided with a range of payment options, with support from Finance to put them in place.

Arrears and write offs

- 5.8 The Executive Director of Customers is responsible for monitoring and managing rental income and arrears and ensuring effective action is taken to resolve cases of non-payment, in line with the Income Management Policy.
- 5.9 Current tenant arrears will not be written off except in exceptional circumstances, such as a Debt Relief Order.

- 5.10 Former tenant arrears will be reviewed regularly and formal recommendations to write off made quarterly. Authority levels to write off individual former tenant debts are as follows: Corporate Head of Income and Enforcement - £2,000. Executive Director of Customers (or any other ELT member) – up to £10,000. Over £10,000 Chief Executive.
- 5.11 Sales ledger debtors will be reviewed quarterly, and recommendations made to the Executive Director of Finance to write off where it is uneconomic to pursue or where the debt becomes uncollectable. Authority levels of £10,000 for ELT members and over £10,000 the Chief Executive.
- 5.12 If at any time within the Statute of Limitations the circumstances of the debtor change such as to make any written-off debt recoverable, the debt will be written back onto the appropriate debtor account and appropriate recovery action taken. Where taxable debt is written-off bad debt relief should be claimed in accordance with the relevant HMRC notice.

Bad debt provision

5.13 A provision for customer bad debts (including rent, service charges, rechargeable repairs and all customer debt held on the main housing management system) will be made in the management accounts and Financial Statements as follows:

- Former tenant arrears 100%
- Current tenant arrears over £400 50%

5.14 For sundry debtors, a provision will be made on a case-by-case basis.

Other Income

5.15 Sundry debtor invoices are requested through the QL system. Debts are monitored by the finance team. Any non-invoiced income received will be posted into the accounts as a cash book journal.

Grant income

5.16 The Executive Director of Property is responsible for ensuring that grant claims are compliant with grant conditions and the conditions of the funding authority, are claimed within contractual timescales and that robust controls exist over completeness, timeliness, and accuracy.

5.17 The Executive Director of Finance is responsible for ensuring that accounting systems are in place to comply with accounting regulations, the SORP and conditions of the Homes England or other grant providers. All grant claims must be notified to the finance team in order for the correct accounting treatment to be adopted.

Cash Receipts

5.18 Cash receipts are not encouraged and should only be accepted as a last resort.

All employees must comply with LHP's cash handling procedures when handling cash on behalf of LHP. An authorised receipt of LHP must be issued to any customer paying by cash. Money must be paid to the Finance Department and custody of all cash holdings must comply with the requirements of LHP's insurers.

- 5.19 No deductions may be made from any cash collected on behalf of LHP prior to paying into the Finance Department. Personal or other cheques must not be cashed out of money received on behalf of LHP.

SECTION 6: EXPENDITURE

Overview

- 6.1 Expenditure represents a significant use of available resources and controls must exist to ensure that such expenditure is in accordance with LHP's objectives, is compliant with budgets and represents value for money.
- 6.2 It is a fundamental principle of LHP's controls framework that no one person may commit to expenditure and approve the subsequent payment. Segregation of duties between the authorisation of expenditure and the authorisation of the subsequent payment must be observed at all times.
- 6.3 It is the responsibility of the Executive Director of Finance to ensure that effective controls exist over the commitment to expenditure and payments.
- 6.4 It is the responsibility of the Executive Director of Finance to ensure that delegated authority limits are readily available to employees and that they are maintained.
- 6.5 It is the responsibility of all employees to comply with the delegated authority limits at all times.
- 6.6 It is the responsibility of employees authorising orders, invoices, or payment requests to provide the appropriate GL and VAT Code against which the expenditure will be recorded.

Committing expenditure

- 6.7 Before committing any expenditure, it is the responsibility of the authoriser to ensure that:
 - there is adequate budgetary provision.
 - appropriate quotations or tenders have been obtained in accordance with the procurement regulations.
 - value for money has been considered and achieved.
- 6.8 Before any order is made with an external supplier, the person placing the order must also have:
- 6.9 Ensured the supplier is set up on eBis or completed and had approved a New Supplier Request process on eBis.
- 6.10 Issue the supplier with a valid eBis purchase order number and explained to the supplier this purchase order number must be quoted on all invoices.
- 6.11 Once the goods or services have been received, the person placing the order must ensure the goods or services have been marked as received on eBis in order to ensure the invoice can be processed.
- 6.12 Exemptions to the requirement to place a purchase order are available in line with the purchase order procedures.

6.13 Commitments to expenditure and subsequent approval of payments are subject to specific thresholds set out in Appendix A – (Schedule of Delegated Financial Authorities).

Authorisation

6.14 Invoices and other payments must be authorised in accordance with limits set out in Appendix A – (Schedule of Delegated Financial Authorities).

6.15 Invoices which can be matched against an approved purchase order with goods receipted will be automatically approved for payment.

6.16 Where an order has not been raised, relevant officers may authorise invoices for payment to the limits laid down in Appendix A – (Schedule of Delegated Financial Authorities).

6.17 It is the responsibility of budget holder approving the invoice to ensure that:

- the goods and services have been received, examined, and approved as to the quality and quantity or have been performed satisfactorily.
- the prices charged are correct and in accordance with quotations or contracts.
- the invoice has been properly registered on the correct supplier account in accordance with the invoice details (e.g., date, amount, VAT).
- the cost code and expense code are correct, and the cost is attributed to the correct budget.

6.18 Requests for payment where there is no supporting invoice must be made on the standard payment requisition form and authorised in line with the scheme of delegation.

Delegation

6.19 Each Group Director holds overall responsibility for delivery and control of specific areas of the budget, defined by ownership of specific cost centres; they may delegate this responsibility to their teams within the maximum delegation limits set out in Appendix A – (Schedule of Delegated Financial Authorities).

6.20 Directors are required to review annually the authorisation levels delegated below CLT to ensure they remain appropriate and balance the need for control with empowerment in the role.

6.21 The Schedule of Delegated Authorities will be reviewed as part of the review of Finance Regulation annually.

Rent Refunds

6.22 A rent refund from a verified credit on a customer rent account will be authorised by Income Recovery team members on QL. Authorisation limits are £750 for Income Team Manager and £2,000 for Corporate Head of Income. All ELT have a limit of £10,000, above which CEO approval is required.

6.23 Payments will be made via the eBis Sundry Payment Process.

Supplier accounts

6.24 New supplier accounts may only be set up or amended in via Ebis in accordance with Finance procedures.

6.25 Each new supplier request must be approved by the relevant approver in eBis. Details will be verified by the finance team, with independent verification of the bank details taking place. The Corporate Head of Finance will approve that the independent check of bank details has taken place and that bank details agree with the supporting evidence provided.

Intercompany balances

6.26 Balances on intercompany control accounts are reconciled each quarter by the Chief Accountant. Any payments to settle balances between companies will be done via a payment request form, approved in line with order approval limits.

Contracts

6.27 LHP enters contracts for a variety of activities. These include building contracts, maintenance contracts, banking, audit, and insurance. Building contracts and related documentation should be based on accepted industry standards. Contracts can only be entered into and signed in accordance with the Appendix A – (Schedule of Delegated Financial Authorities).

6.28 For construction and major works contracts:

- capital payments may be made by instalments. In such circumstances the Executive Director of Property shall arrange for the keeping of individual accounts to show the financial transactions on each contract between LHP and the contractor, together with any other payments and related professional fees.
- payments to contractors on account during a contract shall only be made based on a certificate issued by the supervising officer (or private architect, engineer or consultant were engaged by LHP) confirming the value of works completed.
- subject to the provisions of the contract, in each case shall be authorised in writing by the consultant engaged by LHP and checked by the appropriate officer in the Property Team.

6.29 The final certificates of completion of any contract greater than £15,000 shall not be issued until the Executive Director of Property has examined and agreed the final accounts for the contract.

6.30 Where completion of a contract is delayed beyond the contract period, the Executive Director of Property shall take action where appropriate in respect of any claim for Liquidated and Ascertained Damages (LADs). Legal advice is required in situations where the full level of LADs is not to be claimed.

SECTION 7: PAYMENT METHODS

Overview

- 7.1 LHP's preferred method of payment is BACS transfer. Other methods of payment are available to ensure flexibility in certain narrowly defined situations but incur additional cost and are strongly discouraged. LHP does not accept requests for self-billing.
- 7.2 Please refer to LHP's Procurement Policy for the approach to agreeing payment terms with new suppliers.
- 7.3 It is the responsibility of the Executive Director of Finance to ensure that appropriate controls exist to ensure payments are only made against approved invoices or authorised payment requests. It is the responsibility of all employees to observe the regulations pertaining to credit cards and petty cash.

BACS Payments

- 7.4 BACS payments must be authorised by two signatories from the Finance Bank Signatories List. This will be via electronic payments or transfers initiated by authorised signatories on the bank software with passwords and access privileges strictly controlled
- 7.5 BACS payments for suppliers and sundry payments will be made by utilising the bank's software package, and payments are restricted to bank accounts/sort codes contained within the eBis and Open Accounts system, which has been confirmed by the receipt of documentary evidence as to the validity of the account
- 7.6 Payments for salaries will be authorised by the Chief Accountant and Corporate Head of Finance and processed using an output BACS file from the outsourced payroll provider. This will be processed on the bank's software and approved by two signatories from Finance Bank Signatories List
- 7.7 Automated payments must conform to the requirements of the Group's Insurers:

Cheque Payments

- 7.8 Cheque payments will not be used as a routine payment method. If a cheque is the only method of payment available, for goods or services which cannot be obtained from an alternative source, then a cheque payment will be made. This will need to be approved by the Corporate Head of Finance and the cheque will need to be signed by 2 bank signatories.

CHAPS

- 7.9 As CHAPS payments are for significant amounts, it is the responsibility of those requesting payment to inform Finance at least five working days in advance so that sufficient funds will be available in the bank account.
- 7.10 CHAPS payments must be authorised by two signatories from the Finance Bank Signatories List.

Direct Debits

- 7.11 Direct debits must be signed in accordance with the bank account mandates.
- 7.12 Requests to set up direct debits must be submitted to Finance who will ensure appropriate signatures are obtained.

Petty Cash

- 7.13 Petty cash is intended to be restricted to the purchase of small value items that cannot be purchased in any other way. All expenditure must be supported by a VAT receipt. The use of petty cash should only be considered once all other payment options have been explored.
- 7.14 Petty cash will be kept secure and have an employee responsible for safe keeping.
- 7.15 Petty cash balances will be topped up via cash withdrawals on a company credit card. It is the responsibility of the credit card holder to ensure this cash is correctly coded on the monthly credit card return and that they are satisfied with the reasons for requiring petty cash.
- 7.16 Petty cash expenditure should not exceed £200 for any transaction.

Credit Cards

- 7.17 Credit cards will be issued to named individuals on the approval of the relevant Director or Corporate Head of service.
- 7.18 Credit cards must only be used to purchase goods which cannot be obtained via the normal purchase ledger process. Costs must fall within approved budget limits and be compliant with procurement regulations.
- 7.19 It is the responsibility of credit card holders to attach receipts and code statements each month using the online credit card processing system. Failure to do so may result in the card being stopped until such time as it is up to date. Persistent failure may result in the cancellation of the card.
- 7.20 Line managers of employees using a credit card will be required to review and approve the credit card statement monthly.
- 7.21 Credit cards must be returned or destroyed upon leaving LHP. The Treasury Manager will cancel the cards of all leavers directly with the card provider.

Other Payments

- 7.22 Charitable donations should only be made where the making of the donation does not conflict with LHP's own charitable objectives. Where there is doubt confirmation should be sought from the Company Secretary.
- 7.23 There may be circumstances where it is appropriate for LHP to make a gift to employees or Board Members, for example on retirement. Such gifts must be made in accordance with the Probity Policy and must be approved by the Chief

Executive.

7.24 Compensation payments or disrepair payments will be requested via a BACS payment request form. This must be signed by the relevant budget holder and normal order limits apply. Payments will be made via the eBis sundry payments process.

SECTION 8: PAYROLL, PENSIONS AND EXPENSES

Overview

- 8.1 The Board, subject to any delegations to the Executive or the People and Governance Committee, will approve all salary bands and structures, pay awards, pay increases, and pension arrangements for employees. Remuneration for Board Members and the Executive Leadership Team is a matter for the Board on recommendation from the People and Governance Committee.
- 8.2 The Executive Director of Finance is responsible for the payment of salaries and expenses to all employees and Board Members and for paying all pension costs and employee related taxes. This responsibility includes ensuring compliance with HM Revenue & Customs regulations and for keeping all payroll records including those of a statutory nature.
- 8.3 The Executive Director of Strategy, Culture and Digital is responsible for the governance and administration of all pension arrangements.
- 8.4 It is the responsibility of each Director to ensure that adequate budgetary provision has been made for changes to establishment (permanent and temporary) headcount and FTEs.

Appointments and Payroll

- 8.5 All appointments must be made in accordance with LHP's policies and procedures around Approved Posts. For the appointment of the Chief Executive and Executive Directors, the appointment will be made by the Chair of the Board.
- 8.6 The Executive Director of Digital, Strategy and Culture will be responsible for ensuring that the payroll team informed of all matters relating to personnel for payroll purposes. These will include:
 - appointments, resignations, dismissals, secondments, and transfers
 - absences from duty for sickness or other reason, apart from approved leave, where there is a payroll implication
 - changes in remuneration including and pay awards
 - instances of approved paid overtime
 - information necessary to maintain records of service for pension arrangements, income tax, national insurance, etc.
- 8.7 All payments must be made in accordance with LHP's detailed payroll financial procedures and comply with HM Revenue and Customs regulations.
- 8.8 Where the payroll service is outsourced to a third party, the Executive Director of Finance must satisfy themselves that arrangements are in place to ensure all legal and regulatory requirements are adhered to.
- 8.9 Overpayments of salary must not be written off unless the Executive Director of Finance is satisfied after consultation with legal advisors that all steps possible

have been taken to recover the sums due - that the cost of recovering any sums due would exceed the sum involved and recovery would cause undue hardship to the employee concerned.

- 8.10 Board approval must be obtained to write off sums in excess of £5,000 and of the Executive Director of Finance below this amount.

Pensions

- 8.11 The Executive Director of Finance is responsible for day-to-day pension matters, including paying of contributions to, and preparing the annual return for the authorised pension schemes
- 8.12 The Executive Director of Finance has responsibility for engaging appropriate pension advisors to appropriately review and assess performance of and future plans for all pension schemes.

Expenses

- 8.13 Claims for travelling and business expenses must be made in accordance with the Expenses Policy. Payments will be made alongside payroll on the normal pay dates. All expense claims must carry supporting receipts. Where VAT has been incurred these must be formal VAT receipts.
- 8.14 Expenses claims should be submitted as soon as possible and in line with payroll processing dates. Claims over three months old will not be paid, except by approval of the Corporate Head of Finance.
- 8.15 All expense claims must be authorised for payment by the claimant's line manager. Claims by the Chief Executive will be certified by the Chair of LHP.
- 8.16 Expenses incurred by the Board members are covered by the Policy on Board Members' Expenses.
- 8.17 LHP will not accept liability for excess parking charges, parking fines or speeding fines. Expenditure in respect of entertaining must conform to the requirements of LHP's Probity Policy and Codes of Conduct.
- 8.18 All employees using their own vehicles on behalf of LHP shall maintain appropriate insurance cover for business use. Where employees use their car for work, they must provide current copies of their driving license, insurance and MOT certificate and have completed the appropriate driver training modules. Employees are not authorised to use their vehicle for work purposes and will not be entitled to mileage payments without having supplied this documentation and completed the training.
- 8.19 All employees must inform their line manager and the Corporate Head of Culture if their medical circumstances change, or they are disqualified from driving.

Emergency salary advances

- 8.20 Emergency salary advances may in exceptional circumstances be authorised by the Chief Executive or the Executive Director of Finance. All such payments must

be accounted for through the payroll system and tax deducted accordingly.

SECTION 9: ASSETS

Property, Assets and Fixed Assets Register

- 9.1 The purchase, lease or rent of land or buildings or fixed plant other than office accommodation can only be undertaken as part of an approved growth strategy or as part of an approved strategy of land banking. Such a strategy must consider the financial burden and risks involved in land banking.
- 9.2 The purchase, lease or rent of land or buildings or fixed plant as office accommodation can only be undertaken as part of a plan approved by the Board.
- 9.3 Publicly funded rented housing assets should only be used for social housing related purposes and not placed at risk by non-social housing activities.
- 9.4 All properties owned by LHP will be kept on the QL Housing Management system.

Other Assets

- 9.5 A fixed asset register will be maintained on the financial systems and control accounts reconciled each month.
- 9.6 Purchases will be capitalised and depreciated in accordance with the policy set out in the Financial Statements.
- 9.7 Any non-fully depreciated assets to be written off should be authorised by the Executive Director of Finance.
- 9.8 Individual purchases under £500 may only be capitalised with the agreement of the Corporate Head of Finance.
- 9.9 It is the responsibility of the relevant Executive Director to inform the Corporate Head of Risk and Assurance of any material acquisitions to other assets.
- 9.10 Each Manager responsible for assets in the fixed asset register shall ensure that a check is made of any items detailed on the register, if requested to do so.
- 9.11 LHP's assets shall not be removed other than in the ordinary course of business or used other than for the purposes of LHP except in accordance with specific directions issued by any Executive Director responsible for the asset.

Asset Disposal

- 9.12 The Board has delegated to the Chief Executive authority for the disposal of all interest in land and properties where the disposal falls under one of the following categories:
 - Right to Buy / Right to Acquire / Voluntary Right to Buy sales
 - Properties already approved by the Board as shared ownership properties for sale
 - Properties already approved by the Board as having been built for sale

- Properties that meet the criteria of the Asset Appraisal Policy and are within the annual Business Plan parameters set by the Board
- 9.13 Board has delegated authority to approve the disposal of any individual property or interest in a property with a value of less than £80,000 to the Chief Executive Specific Board approval is required to dispose of a property if the value is in excess of £80,000 unless covered by the exemptions above.
- 9.14 Any disposals outside of the agreed criteria and/or Business Plan parameters will be reviewed by the Operations Committee and if appropriate recommended for approval to the Board.
- 9.15 The Executive Directors are authorised to approve disposals of land with limited intrinsic value up to a limit of £25,000.
- 9.16 In addition to the disposal provisions above, disposal of land and buildings can take place where:
- the cost of carrying out major repair works, adaptations or demolition and rebuilding is not financially viable
 - the undeveloped land can be sold at such a value that alternative housing development, more appropriate to current housing need, can be undertaken; or
 - there are strategic benefits to LHP
- 9.17 Board approval is required for any such disposal. ELT members will be required to demonstrate that such disposal does not detract from the ability to satisfy housing need and that consultation with residents and the local authority has been carried out, where appropriate.
- 9.18 Prior consent for disposal must be obtained from LHP's lenders for charged assets and any relevant regulator in accordance with their requirements.
- 9.19 The disposal of all other assets with a value owned by LHP (including but not limited to vehicles, furniture, computers, and office equipment) must be approved by the Executive Director of Finance.

Stocks and Stores

- 9.20 Each member of the ELT shall be responsible for the security, care and regular stock taking of all stocks and stores under their control and for ensuring that only the minimum required for efficient operational purposes is held to reduce losses through loss, obsolescence, damage, or cost of financing.
- 9.21 Stocks and stores records will be in an appropriate form and relevant managers will provide finance employees with all information as is required to prepare and maintain accounting, costing and related financial records.

Treasury Management

- 9.22 The Board is responsible for approving the treasury management policy and the

Annual Treasury Strategy, following scrutiny by the Finance Committee. These documents set out the strategy and criteria for cash management, long term investments and borrowings. The Finance Committee has the responsibility for ensuring implementation, monitoring and review of the Strategy and compliance with the Policy.

9.23 The principal aims of the treasury management strategy will be to:

- Maximise security
- Minimise interest rate risk
- Limit the business's exposure to risk of loss of capital
- Efficient use of cash and borrowing to minimise interest costs
- Manage covenant constraints and ensure covenant compliance

9.24 All Executive decisions concerning borrowing, investment, or financing, within policy parameters, shall be delegated to the Executive Director of Finance.

9.25 The Executive Director of Finance will report to the Finance Committee every six months in each financial year on the treasury management function and on the exercise of powers delegated to him/her including monitoring compliance.

9.26 Specific Board approval is required for any new loan or [material] financing / leasing facilities other than necessary in the normal course of business for non-housing assets.

Leasing and Other Financial Instruments

9.27 Each member of the ELT is responsible for ensuring that all leasing needs within their area of responsibility are correctly procured and the lease amounts are contained within Budget or Business Plan parameters, inclusive of VAT. are forwarded to the Executive Director of Finance.

9.28 The Executive Director of Property shall maintain a register showing details of all vehicles or items of equipment or plant financed by LHP.

9.29 The Executive Director of Property is responsible for the control of vehicle leases and office related fixed assets that are subject to a leasing

9.30 The Executive Director of Strategy, Culture and Digital is responsible for any leased IT products.

Development

9.31 The Executive Director of Property is responsible for preparing the annual development programme for inclusion within the business plan which is approved annually by the Board. The business plan should include an analysis of the maximum work in progress

9.32 The Board will review annually the development appraisal assumptions and approved hurdle rates, following consultation with the Operations Committee.

- 9.33 Asset Review Group (ARG) will recommend schemes to ELT for approval, subject to schemes being within the parameters approved by the Board. Any schemes outside of the approved annual development plan will be reviewed by the Operations Committee and, if appropriate, referred to the Board for approval.
- 9.34 Variations that could materially affect NPV, achievement of hurdle rates or materially impact the business plan must be approved by ELT.
- 9.35 Sequel is the LHP approved development system and all scheme costs and cashflow information will be maintained in line with operation procedures.
- 9.36 Any changes to the approved annual development plan are approved as follows:
- Changes to scheme profiling which do not materially affect the agreed business plan – ARG
 - Changes which materially affect the business plan and parameters - ELT
- 9.37 A material effect is defined as one that either increases the previously approved LHP funding profile or significantly Changes the NPV or IRR of the scheme.
- 9.38 Variations will be reported monthly to ELT via operational and strategic reporting.
- 9.39 The scheme appraisal should set out the sales targets in financial terms for each property type. Any adverse variations in the aggregated scheme forecast against these appraisal targets must be approved by ARG and ELT.

SECTION 10: EXTERNAL ARRANGEMENTS

Partnerships and Joint Ventures

- 10.1 The Executive Director of Finance must be consulted on the financial and probity implications of all partnership agreements, joint ventures, and similar arrangements before any such agreements are finalised. Such arrangements must be approved by the Executive Director of Finance prior to approval by the Board Members of the ELT are required to agree and formally accept the roles and responsibilities of each of the partners involved before the project commences and to communicate regularly with partners for the duration of the project.
- 10.2 Members of the ELT are responsible for assessing the risks and benefits associated with partnership or joint venture budget arrangements and for ensuring any such arrangement is in the best interest of the LHP and its service users.
- 10.3 Members of the ELT are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships and joint ventures that apply throughout LHP.
- 10.4 Partnership arrangements may be used as a means of acquiring goods, works or services and may be of a complex nature. It is therefore necessary that the Executive Director of Finance is consulted on the financial implications of such arrangements and must approve that:
- Costs and income are provided for in LHP's budget
 - Arrangements are in place for accurate accounting for costs and income
 - Appropriate Governance arrangements with sufficient controls are in place for the successful operation of the partnership, including arrangements for sufficient access to financial and other records
 - End of contract carry forward or cessation arrangements have been determined
 - A formal risk assessment has taken place and a management strategy devised; and
 - An auditing regime has been established
- 10.5 In any joint venture or partnership involving land, legal advice must be sought, received, and be provided with any report seeking approval from the Board.

External Funding

- 10.6 The Executive Director of Finance must be consulted on the financial and probity implications of all projects involving funding from external sources (e.g., grants, ESG match funding etc).
- 10.7 All funding received from external bodies or associated parties must be properly

recorded in the LHP's accounts.

- 10.8 Key conditions of funding and any statutory requirements must be understood and followed.
- 10.9 Any match-funding requirements must be given due consideration prior to entering into long term agreements and the match funding contributions must be contained within or assessed to fit within the Business Plan and approved by ELT prior to the funding application being made

Work for Third Parties

- 10.10 Proposals should be costed properly before an agreement is reached to do work for a third party. Formal contracts or a memorandum of understanding should be drawn up prior to any work commencing.

SECTION 11: RISK MANAGEMENT, INSURANCE AND SECURITY

Risk Management

- 11.1 The Executive Director of Finance is responsible for the effective risk management procedures, including strategic and operational risk maps and any other arrangements which from time to time are regarded as best practice for Registered Providers Housing Associations.
- 11.2 All Board Members and employees are required to comply with the Risk Management Policy.
- 11.3 It is the responsibility of the Corporate Management Team to ensure that risk is effectively managed throughout the organisation including within their own area of operation. It is the responsibility of all employees to consider the risks involved in the activities in which they are involved, how they might change, and the risks involved in new proposals.
- 11.4 The Executive Director of Finance will ensure that LHP has a risk map and programme of risk management which is approved and monitored by the Audit and Risk Committee and the Board.
- 11.5 The Leadership Team will provide assurance that the mitigating controls identified within the risk register are in place and operating effectively through certification twice a year. This will feed into the internal controls' assurance report provided by the Chief Executive to the Board at the end of each financial year.

Insurance

- 11.6 The Executive Director of Finance is responsible for effecting insurance cover, as determined by the Audit and Risk Committee, the regulators and private lending institutions.
- 11.7 All insurance policies entered into must be approved by the Executive Director of Finance.
- 11.8 Responsibility for day-to-day administration of insurance is delegated to departments as appropriate. The Executive Director of Finance will be responsible for obtaining quotes and maintaining the necessary records and will deal with the insurers and advisers about specific insurance problems.
- 11.9 The Executive Director of Finance will annually review insurance arrangements and cover in consultation with the Corporate Leadership Team. All members of ELT, CLT and managers will notify promptly the Executive Director of Finance of any new risks identified and/or assets that require to be insured or of any alteration that might affect existing insurance cover.
- 11.10 The ELT must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which LHP may be exposed.
- 11.11 The process for making an insurance claim is to be made is outlined in the

financial procedures.

- 11.12 All losses or potential losses that might lead to an insurance claim either on behalf of or against LHP will immediately be notified to the Executive Director of Finance.
- 11.13 Uninsured losses must be recorded separately and reported to the Executive Director of Finance to help inform the insurance requirement and the risk management process.
- 11.14 The Executive Director of Finance will keep a register of all insurances affected by LHP and the property and risks covered.
- 11.15 The Executive Director of Property is responsible for keeping suitable records of plant that is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.
- 11.16 The ELT and Managers in consultation with the Executive Director of Finance shall ensure that all contractors and service providers have adequate employers and third- party liability insurance in place before contracts are awarded.

Security

- 11.17 Board members and employees are responsible for, security, control, and proper use of all LHP resources, including cash, plant, buildings, stores, and materials within their sphere of control.
- 11.18 Keys to safes or similar containers are to be stored safely and responsibility. The loss of such keys must be reported to the appropriate member of ELT and the Executive Director of Finance as soon as practicable.
- 11.19 The Executive Director of Strategy, Culture and Digital will be responsible for ensuring that all permanent employees have identification cards as appropriate. The appropriate member of the ELT will be responsible for making arrangements for identity cards to be issued to temporary staff and that all employees return their identity cards when they leave LHP.
- 11.20 The Chief Executive and Corporate Head of IT are responsible for maintaining proper security and privacy of information held in any computer installation maintained, operated, or accessed by LHP and for ensuring that information is not improperly disclosed. Employees should be responsible to ensure the data they are dealing with remains secure.
- 11.21 Computer data security will be the responsibility of the Corporate Head of IT as will ensuring that adequate disaster recovery arrangements are in place to protect LHP's interests in the event of a major systems or hardware failure. Data security, including password maintenance and disaster recovery, will be carried out in accordance with the computer security and disaster recovery procedures which will be reviewed at least annually.

- 11.22 LHP will comply with the Data Protection Act 2018 and any associated regulatory requirements, under the direction of the nominated Data Protection Officer (Assistant Director of Governance and Regulation). It will also comply with the General Data Protection Regulation (GDPR) and ensure adequate measures and training is provided on a timely basis.
- 11.23 The Corporate Head of IT is responsible for ensuring that regular copies of computer data are made and that these are stored in a safe, secure, and remote location.
- 11.24 All employees and Board members have a responsibility to ensure that they comply with data security instructions issued.

Protection of Private Property

- 11.25 Employees, Board Members and Committee Members should ensure that their personal belongings are always kept safe and secure because LHP cannot be responsible for losses.

Fraud, Bribery, Corruption and Financial Misconduct

- 11.26 All Board and Committee members, ELT, CLT and all other employees shall comply with the requirements of LHP policies at any given time relating to preventing fraud and corruption, anti-bribery, anti-slavery, and anti-money laundering as well as complying with the Probity Policy and Codes of Conduct. The Executive Director of Finance and Company Secretary shall ensure that these policies and documents will always be available for all to access on the intranet and other media.

Appendix A: Schedule of Delegated Financial Authorities

Job Title	Entering into a contract	Purchase Orders & Invoices	Payroll, Pension and HMRC Payments Only (new)	Sundry Payments	Employee or Board Expenses	Bad Debt/ Arrears Write Off	Rent Refunds	Sale of goods / services - excluding properties	Award Grants
Chief Executive	5,300,000*	Unlimited**	Unlimited**	Unlimited**	2,000	Unlimited**	Unlimited**	150,000	150,000
Executive Director of Finance	1,500,000	1,500,000	1,500,000	10,000	1,000	10,000	10,000	25,000	150,000
Executive Director of Property	1,500,000	1,500,000	1,500,000	10,000	1,000	10,000	10,000	25,000	150,000
Executive Director of Customers	1,500,000	1,500,000	1,500,000	10,000	1,000	10,000	10,000	25,000	150,000
Executive Director of Strategy, Culture & Digital	1,500,000	1,500,000	1,500,000	10,000	1,000	10,000	10,000	25,000	150,000
Assistant Director of Governance & Regulation	75,000	25,000		2,000	1,000				
Corporate Head of Finance	75,000	25,000		2,000	1,000				
Corporate Head of Risk & Assurance	75,000	25,000		2,000	1,000				
Corporate Head of Assets	300,000	100,000		2,000	1,000				
Corporate Head of Repairs	300,000	100,000		2,000	1,000				
Corporate Head of Customers	100,000	25,000		2,000	1,000				10,000
Corporate Head of Income and Enforcement	100,000	25,000		2,000	1,000	2,000	2,000		
Corporate Head of Culture	100,000	25,000		2,000	1,000				
Corporate Head of IT & Digital Services	100,000	25,000		2,000	1,000				

Notes

The schedule of delegated financial authorities has been updated to ensure maximum transparency and simplicity.

The schedule in the Financial Regulations includes delegations for all members of the Leadership Team.

The value for the Chief Executive to enter into a contract has been updated to reflect the new procurement thresholds.

The invoice approval values for CLT members has been increased from £10k to £25k, to reflect the enhanced responsibility of the revised CLT.

Contract values for CLT have been set at 3 times the invoice or order limit, to account for 3-year contracts being agreed.

Limits for the Assistant Director of Governance & Regulation has been aligned with those of CLT.

The CLT members for assets and repairs have higher limits, due to the nature of the higher spend in their respective areas.