



TRUST HOUSING ASSOCIATION

FINANCIAL CONTROL FRAMEWORK

FINANCIAL REGULATION FR02

FINANCIAL PLANNING & MANAGEMENT

VERSION 006

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Trust Housing Association
Financial Control Framework

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FINANCIAL PLANNING & MANAGEMENT

1. INTRODUCTION

1.1 Financial Planning and Management incorporates the various elements associated with the development, maintenance and monitoring of the Association's financial strategy and financial position. These include:

- General Accounting Framework
- Revenue Budgets
- Capital Budgets
- Long Term Financial Planning
- Treasury Management
- Monitoring of Budgets
- Annual Accounts.

2. GENERAL ACCOUNTING FRAMEWORK

2.1 The Director of Finance & Business Services is responsible for ensuring that adequate systems of accounting control are maintained throughout the Association and that services conform to legislation, Association policy, and codes of practice on these matters.

2.2 The Director of Finance & Business Services will ensure appropriate procedures and instructions are issued for:

- Developing, maintaining and reviewing the overall budget strategy and ensuring this is integrated with and reflective of the wider corporate strategy.
- Producing the annual and long-term revenue and capital budgets and financial plans
- Treasury Management planning and operational activity
- Project and other Financial Appraisals
- Budget monitoring
- Applying schemes of budget flexibility to allow effective use of resources
- Supervising and controlling accounts, and other financial systems, records and operations
- Ensuring legislative compliance and best practice in procurement
- Storage and disposal of financial records
- Producing financial management information
- Submission of regulatory and statistical returns
- Completion of Annual Accounts

- 2.3 The Director of Finance & Business Services is responsible for ensuring the proper completion of claims for Housing Association Grant (HAG) funding, other government and external grants, etc. In the case of HAG funding the Director of Asset Management Services also has specific authority to complete these claims.
- 2.4 Board reports on any topic which involve any financial implications must contain a statement of those implications and confirmation that the Director of Finance & Business Services has verified the financial content of the report.

3. REVENUE BUDGETS

- 3.1. **Preparation** – The Director of Finance & Business Services will ensure that a revenue budget is prepared annually as part of the Association’s financial strategy. This process will ensure that short (the following year), and long term (a rolling 30-year period) financial plans are produced. The capital budget (referred to at 4 below) and its revenue consequences must be integrated with the revenue budget.
- 3.1.1 The Director of Finance & Business Services will co-ordinate the preparation of the revenue and capital budgets and submit them to the Leadership Team for consideration prior to presentation to the Board.
- 3.1.2 Directors have a duty to provide financial and budgetary information for revenue and capital budget preparation as required by the Director of Finance & Business Services.
- 3.2 **Approval** - The Director of Finance & Business Services is responsible for presenting, annually, a draft revenue budget to the Board, this will incorporate the revenue consequences of capital spend. The Board shall consider the draft budget, and subsequently approve revenue and capital budget, set rents, service charges and other charges etc. as required. The Board will also consider and approve updates to the 30-year financial plan and in doing so will consider sensitivity analysis and risk.
- 3.3 **Revenue Budget Virements** - In any financial year Directors may, without prior reference to the Board, exercise budget virement within and between expenditure/income headings within their approved budgets of up to 5% of the relevant expenditure/income heading subject to the following:
- the agreement of the Director of Finance & Business Services is obtained;
 - additional posts are not being established;
 - there are no additional implications (e.g. additional resource requirements) for future years;
 - the value of transfers in one year doesn’t affect an expenditure / income heading by more than 10%;
 - the virements are reported retrospectively to the Board.

Virements affecting expenditure/income headings in excess of the above limits and virements between service areas and those necessitating additional resources in future years may require the approval of the Board. The Director of Finance & Business Services must be consulted before virement proposals are submitted to the Board for consideration.

- 3.4 **Active Budget Management** – Trust operates a active budget management process, which simply builds on the process of budget virement but recognises the need for greater budgetary flexibility, particularly in times of austerity and volatility in the financial environment. This allows for changes in the agreed budget within the current financial year and impacting on future years. Budget changes arising as a result of this process will be agreed through the Board.

4. CAPITAL BUDGETS

- 4.1 **Capital Budget Planning Process** - The Director of Finance & Business Services together with the Director of Asset Management Services is responsible for ensuring that the Association agrees and implements a Capital Investment and Planning process. The capital planning process will include appropriate links with asset management planning, strategic planning, treasury management and option/business viability appraisal.

- 4.2 **Capital Budget Preparation** - The Director of Finance & Business Services together with the Director of Asset Management Services is responsible for ensuring that a detailed capital budget is prepared annually as part of the agreed capital investment and planning process. This budget must be integrated with the revenue budget.

- 4.3 **Approval** - The Director of Finance & Business Services will present, annually, a draft capital budget to the Board. The Board shall consider the draft budget and subsequently approve a capital budget including the revenue consequences of the capital programme.

5. MONITORING

- 5.1 **General** - The Director of Finance & Business Services will ensure appropriate financial information is provided to enable budgets to be monitored effectively. In addition to providing monitoring reports to Budget Holders, all Budget holders have access to the live accounting system and are able to view data at all times. Budget holders will control income and expenditure within their services and monitor net expenditure against the agreed budget.

- 5.2 **Monitoring of Revenue Budgets** - The primary responsibility for revenue budgetary control lies with Directors who are fully accountable for the financial performance of their services against the budget allocated. The Director of Finance & Business Services is responsible for monitoring the overall budget

and reporting of the financial position on a regular basis to the ET/LT and to the Board.

5.3 **Monitoring of Capital Budgets** - The primary responsibility for capital budgetary control lies with Directors who are fully accountable for the financial performance of their services against the budget allocated. It is the responsibility of the Directors to undertake monitoring of the capital programme for their Service. The Director of Finance & Business Services is responsible for ensuring reporting on the financial position of the capital programme to the ET/LT and to the Board.

6. ANNUAL ACCOUNTS

6.1 The Director of Finance & Business Services is responsible for ensuring that the statutory Annual Accounts are produced in compliance with Association policy, relevant legislation and accounting requirements.

6.2 The Director of Finance & Business Services will submit a copy of the Annual Accounts to the Board and the External Auditor in accordance with the agreed timetable but, in any event, by the prescribed date.

6.3 Directors are required to provide information in accordance with instructions on the final accounts issued annually by the Director of Finance & Business Services.

7. **Bribery Act 2010** - Trust Housing Association is committed to the highest standards of ethical conduct and integrity in all its activities and in order to ensure compliance with the Bribery Act 2010 has introduced Financial Policy FP25, Anti Bribery Policy and Procedures. This policy and associated procedures must be complied with by all employees, Board Members and associated persons or organisations acting for or on behalf of Trust.

8. **Data Protection** - Trust Housing will comply with both the Data Protection Act 2018 and the General Data Protection Regulations. Our full privacy policy can be found on the Trust Housing website - www.trustha.org.uk.

9. **Statement Equality, Diversity & Inclusion (EDI)** - As leaders of EDI, the Association aims to promote equality and diversity and operate equal opportunities policies which inform all aspects of its business. It will ensure that it adheres to the Equality Act 2010 by being committed to equal and fair treatment for all and opposed to any form of unlawful discrimination. As such, in considering this policy, no one will be treated differently or less favourably than others because of any of the protected characteristics as listed in the Equality Act 2010:

- disability;
- gender;
- gender reassignment;
- pregnancy and maternity;

- race, colour or nationality;
- sexual orientation; or
- religion or belief.
- marriage and civil partnership
- age

or because of any other condition or characteristic which could place someone at a disadvantage were it to be taken into account, unless this can be objectively justified in terms of the legislation. Trust will make reasonable adjustments for disabled people where necessary and possible to do so, and will use Happy to Translate tools and procedures to help overcome a language barrier.

10. Documentary References

In all Trust's official documents, where references are made to specific job titles, roles, groups or committees, such references shall be deemed to include any changes or amendments to these job titles, roles, groups or committees resulting from any restructuring or organisational changes made within the Association (or, where this policy also applies to another member of the Trust group, made within that group member) between document reviews."