TREASURY MANAGEMENT POLICY

F.03

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This policy document can be produced in various formats, for instance, in larger print or audio-format; and it can also be translated into other languages, as appropriate.

Our equality and diversity policy statement describes our key equality commitments that we use to develop all organisational services; this includes employment services and services to tenants and other customers.

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1. POLICY STATEMENT

This is the Treasury Management Policy of Rutherglen and Cambuslang Housing Association Limited (‘the Association’).

It is intended to ensure that the treasury management activities of The Association are managed and controlled appropriately, and in a manner that complies with best practice, as set out in the CIPFA Code of Practice for Treasury Management in the Public Services (the Code) and in line with the expectations of the Scottish Housing Regulator (SHR) as set out in the Standards of Governance and Financial Management for RSLs.

This policy is structured to address the 12 Treasury Management Practices (TMP) identified in the Code.

It is supported by:

- Documented delegation of specific reporting, decision-making and control authorities by the Management Committee to the Finance, Audit and Risk Sub-committee, the Director and the Finance Agent;
- A detailed risk register including treasury management activities, maintained by the Senior Management Team, and reported quarterly to the Finance, Audit and Risk Sub-committee;
- A schedule of relevant data relating to treasury management activities, maintained by the Finance Agent, and reported quarterly to the Finance, Audit and Risk Sub-committee as part of the treasury management reporting;
- Relevant sections of the job description and person specification for the Director as well as clear contractual terms for the services acquired from the Finance Agent; and
- Detailed procedure notes for specific processes and controls, under the control of the Director and Finance Agent.

It is the policy of the Association that:

1. The Association will create and maintain, as the cornerstones for effective treasury management:

    - a treasury management policy statement stating the policies, objectives, and approach to risk management of its treasury management activities; and
    - suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

2. The content of the policy statement and TMPs follow the recommendations of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of the Association. Such amendments will not result in the Association materially deviating from the CIPFA Code’s key principles.

3. The Finance, Audit and Risk Sub-committee will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual assessment of the policy and a quarterly treasury management report.

4. The Management Committee is responsible for the implementation and regular

monitoring of its treasury management policies and practices. The Management Committee delegates responsibility for the execution and administration of treasury management decisions to the Finance, Audit and Risk Sub-committee, the Director and Finance Agent, who will act in accordance with the organisation's policy statement and TMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management, or other relevant professional standards.

5. The Finance, Audit and Risk Sub-committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. SHR STANDARDS OF GOVERNANCE AND FINANCIAL MANAGEMENT

1. The following SHR Standards of Governance and Financial Management for RSLs (SHR: Regulation of Social Housing in Scotland: Our Framework, February 2019) which govern treasury management activities have been taken into account:

   - RS 3.1: The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes, and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times;

   - RS 3.2: The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks; and

   - RS 3.5: The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.

2. SHR guidance previously contained the regulatory expectation that an RSL will comply with the CIPFA Code.

3. POLICY DEFINITIONS AND OBJECTIVES

1. The Association defines its treasury management activities as the management of the organisation's borrowing, deposits and cashflows, including its banking transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

2. The Association regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Association and any financial instruments entered into to manage these risks.

3. The Association acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within

the context of effective risk management.

4. POLICY STRUCTURE

1. The policy is structured to follow the CIPFA Code, with sections relating to each of the 12 Treasury Management Practices (TMPs) identified in the Code.

TMP 1	Risk management, with TMP 1.1 to 1.9 providing fuller detail on each of the risks set out in the Code
TMP 2	Performance measurement
TMP 3	Decision-making and analysis
TMP 4	Approved instruments, methods, and techniques
TMP 5	Organisation, clarity, and segregation of responsibilities and dealing arrangements
TMP 6	Reporting requirements and management information arrangements
TMP 7	Budgeting, accounting, and audit arrangements
TMP 8	Cash and cashflow management
TMP 9	Money laundering
TMP 10	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

2. The policy is supported where appropriate by detailed procedure notes for staff involved in particular transactions.

TMP 1: Risk Management

General Statement of Risk Management

1. The Treasury Management Strategy of the Association encompasses the activities noted in this section. All treasury activity will be reported to the Finance, Audit and Risk Sub-committee, by the Director and Finance Agent, on a quarterly basis through the treasury management report, management accounts and risk register. The Director and Finance Agent will prepare an annual budget and long-term financial projections for presentation to the Finance, Audit and Risk Sub-committee on annual basis. There

will also be an annual assessment of the treasury management policy along with a triennial review of the policy, both of which will be reported to the Finance, Audit and Risk Sub-committee. The treasury management policy is also subject to final approval by the Management Committee.

2. The treasury management report, management accounts and risk register will include a summary of treasury management activity in the current financial year, covering:

    - Summary of actual and projected cashflow, with commentary on significant variances;
    - Loan drawdowns in the current financial year;
    - Loan repayments in the current financial year;
    - A summary of the hedging position between fixed and floating rate debt in the current loan portfolio, and any changes to interest rate structure on existing loans, such as maturing or new loan fixes;
    - Summary of actual and projected covenant compliance and headroom for all covenants for all lenders;
    - Summary of loan security position;
    - Summary of cash deposit position and activity in the current financial year; and
    - The current treasury management risks within the risk register.

3. The annual budget and long-term financial projections will include forecast cashflows over a 30-year period, as well as the following:

    - analysis of current prevailing short-term and long-term interest rates, based on historical trends and projected trend movements over the budget period;
    - a statement of borrowing requirements over the budget period together with a strategy for funding this requirement;
    - a summary of anticipated cash surpluses and the expected interest they will generate over the budget period; and
    - analysis of the mix of fixed and variable interest rates across the Association's debt portfolio over the budget period.

4. The Finance Agent will prepare and present a report each quarter to the Finance, Audit and Risk Sub-committee of all treasury management activity in the quarter, with updated cashflow and covenant projections to the financial year end presented in the accompanying management accounts.

5. The Director and Finance Agent:

    - will design, implement, and monitor arrangements for the identification, management, and control of treasury management risks;
    - will report annually on the adequacy and suitability thereof to the Finance, Audit and Risk Sub-committee; and
    - will report to the Finance, Audit and Risk Sub-committee, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Association's objectives in this respect.

6. Long-term cashflow forecasts and treasury management strategy will be included in the annual budget and long-term financial projections prepared for the Finance, Audit

and Risk Sub-committee before being submitted to the Management Committee for final approval.

7. Significant variations to cashflow forecasts covering the annual budget period will be reported to the Finance, Audit and Risk Sub-committee on a quarterly basis as part of the treasury management report and management accounts, highlighting if there any significant variations from the annual budget, and any impact on projected borrowing requirements, loan repayments, fixed rate maturities or surplus cash balances.

8. The Association has adopted a detailed risk management statement set out below for each of the treasury management risks identified in the CIPFA Code as referred to as TMPs.

TMP 1.1: Lending and Deposit Counterparties

The Association will maintain lists of approved lending and deposit counterparties. Institutions may only be added to either list with the prior approval of the Finance, Audit and Risk Sub-committee.

Lending Counterparties

The Association may only borrow from UK banks and building societies which are authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA).

Loan facilities will be arranged only with organisations that are judged to have sufficient financial strength to ensure that the funds committed under the facilities will be available as and when they are required by the Association in accordance with the terms of the loan agreement. This will normally mean that lending organisations are at least investment grade and are able to demonstrate a long-term commitment to the Scottish social housing sector and, unless otherwise approved by Finance, Audit and Risk Sub-committee, lenders must have minimum credit ratings of:

Credit Rating Agency	Minimum Short Term Rating	Minimum Long Term Rating
Moody’s	P-1	A3
Standard & Poor’s	A-1	A-
Fitch Ratings	F1	A-

a. The following organisations are approved currently as sources of funding:

- Bank of Scotland;
- Barclays Bank;
- Nationwide Building Society;
- Royal Bank of Scotland;
- Santander UK; and
- Virgin Money

Deposit Counterparties

The Association may only deposit surplus cash balances with UK banks and building societies which are authorised by the PRA and regulated by the FCA.

Deposits will be arranged only with organisations that are judged to have sufficient financial strength to ensure that the capital value of the funds committed under the deposit is secured and that the funds will be available when they are required by the Association in accordance with the terms of the deposit. This will normally mean that deposit organisations are at least investment grade and are able to demonstrate a long-term commitment to the Scottish social housing sector and, unless otherwise approved by Finance, Audit and Risk Sub-committee, deposit takers must have minimum credit ratings of:

Credit Rating Agency	Minimum Short Term Rating
Moody's	P-1
Standard & Poor's	A-1
Fitch Ratings	F1

If the Association has deposits with an institution which is subsequently downgraded by the credit rating agencies, so that it no longer achieves the Association's minimum creditworthiness criteria, the deposit will be withdrawn from the institution as soon as the funds are available according to the access terms of the deposit agreement unless otherwise approved by the Finance, Audit and Risk Sub-committee as an exception to this policy.

The following organisations are approved currently for deposit purposes:

- Bank of Scotland;
- Barclays Bank;
- HSBC Bank;
- Lloyds Bank;
- Nationwide Building Society; and
- Santander UK

The Director and Finance Agent are authorised to deposit funds only with institutions approved by the Finance, Audit and Risk Sub-committee as part of this policy.

Deposit Exposure

The Association has set a limit for the amount that may be invested with any one institution at any point as follows. No more than 60% may be invested with any one institution or banking group. All deposits will have a maturity not exceeding 24 months. This excludes the value of funds that may be held in day-to-day banking accounts with the institutions providing a basic banking service.

The sole exception to the rule above, unless formally approved otherwise by the Finance, Audit and Risk Sub-committee, will apply where the Association receives funds unexpectedly in which case deposits may be made with the Association's day-to-day bank temporarily (for periods of up to two months), and promptly reported to the Director and the Finance, Audit and Risk Sub-committee.

Environmental, Social and Governance Risk Considerations

The Association is committed to being a responsible and sustainable social housing provider and it aims to only deal with treasury counterparties who share similar Environmental, Social and Governance (ESG) objectives.

Prospective treasury counterparties will be required to provide the organisation with copies of their ESG strategies. The Director and Finance Agent will take these strategies into consideration when deciding whether to work with the counterparty. If a counterparty's ESG objectives and strategy are not consistent with the Association's, then it may be necessary to not place investments with that counterparty and in the case of lenders, alternative borrowing options may need to be considered.

TMP 1.2: Liquidity Risk Management

The Association will ensure that it is able to meet its liabilities at all times. The Director and Finance Agent will ensure that sufficient cash balances and available facilities exist for this purpose.

The Association will consider and manage liquidity in two ways:

- Short term operational liquidity, which will ensure that sufficient liquidity is maintained to meet short term funding needs; and
- Capital funding liquidity, which will ensure that sufficient liquidity is maintained to fund projected commitments for twelve months from the current date.

The principal factor governing the exposure of surplus funds is the Association's liquidity forecast. Where surplus funds are required to meet possible cash outflows in the near future they will necessarily be deposited for short periods which will ensure that funds are available when required.

The Association's operational liquidity requirement is measured based on one quarter of operational expenditure, including unavoidable:

- Staff costs;
- Estate costs including cyclical, planned, reactive and void maintenance;
- Overheads and other operating expenditure;
- Component replacement and other fixed asset expenditure;
- Pension past service deficit contributions; and
- Loan repayments including capital and interest.

This measurement excludes all cash receipts except maturing bank deposits. The calculation should assume that grant and sales income does not occur when planned. The calculation will be reviewed and updated at least quarterly. Operational liquidity must be equal to the forecast cash outflow for the next calendar quarter, plus a contingency of 25%.

The Association defines operational liquidity as including:

a. Cash at bank and in hand;

b. Cash on deposit which is available at no more than three days' notice; and
c. Confirmed but undrawn overdraft facilities.

Capital funding liquidity required is measured as:

- All cashflow projected in the twelve months from the projection date, with the exception of any sales income and capital grant income, on the assumption that patterns of receipts and expenditure occur as projected.

The Association regards capital funding liquidity as including:

a. Cash at bank and in hand;
b. Cash on deposit which is available at no more than three days' notice; and
c. Confirmed but undrawn overdraft facilities.

In considering the availability of committed facilities, any forecast event which may influence the Association's ability to drawdown must be taken into account.

The Association, regardless of operational liquidity level calculated, will maintain a minimum cash balance (excluding all deposits and overdrafts) of £1 million in instantly available bank and cash accounts.

The Association's strategy for the application of this policy as set out within this section is assessed each year within the treasury management report which is prepared by the Director and Finance Agent, and approved by the Finance, Audit and Risk Sub-committee.

The assessment of liquidity will consider the sensitivity of the Association's loan portfolio to interest rate changes given the proportion of debt held on a variable rate basis. Unless otherwise approved by the Finance, Audit and Risk Sub-committee, the Association will ensure that the proportion of total outstanding debt, which is exposed to variable costs of funds, including bank, and building society base, SONIA and index linked rates, is no higher than 50% at any one time. The Director and Finance Agent will consider the current levels of short-term and long-term interest rates and independent forecasts of future changes in interest rates, and prepare a recommendation for approval by the Finance, Audit and Risk Sub-committee on the identification of the need to fix the interest rate of additional loans.

In assessing liquidity, the Finance Agent will consider the aggregate of all available funds, borrowings and accounts operated by the Association.

Based upon the annual budget forecast, the Finance Agent will prepare quarterly rolling cashflow forecasts for the next twelve months from the projection date, for the purposes of:

- Applying the budget and treasury management strategy on a day-to-day basis; and
- Reporting the results of applying the budget and treasury management strategy to the Finance, Audit and Risk Sub-committee on a quarterly basis.

TMP 1.3 Interest Rate Management

The Association will manage its exposure to interest rate fluctuation with a view to containing its interest costs within the amounts provided in its business plan and annual budget as approved by the Management Committee.

The Association will achieve this by the prudent use of its approved financing and deposit instruments, methods, and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest, and retaining the ability to adapt its borrowings and investments to changing circumstances.

TMP 1.4: Exchange Rate Management Strategy

The Association will not invest or borrow in any currency except UK Pounds Sterling, this eliminates any exchange rate risk.

TMP 1.5: Inflation

Inflation risk is the risk that arises from the decline in value of cashflows due to inflation. The Association will keep under review the sensitivity of its loans and deposits to inflation, and will seek to manage the risk accordingly in the context of the whole business's inflation exposures.

TMP 1.6: Exposure to Refinancing Risk

The Association's current loan portfolio is structured so as to ensure that it will be able to meet all repayments of capital and interest for all outstanding loans as required per the relevant loan documentation, the Association complies with all loan covenants and the Association is not exposed to significant refinancing risk, which is defined as no more than 25% of debt falling due for refinancing (including fixed rate arrangements maturing) in any twelve month period.

The Director and Finance Agent will ensure that proposals from lenders to provide appropriate loan facilities to meet identified funding requirements are brought before Finance, Audit and Risk Sub-committee in sufficient time to enable due consideration to be given to them, and to ensure that loan facilities are put into place before additional funds need to be drawn. This timeframe must allow sufficient time for completion of a new loan agreement and security with a new lender. The Management Committee will have final approval of any new loan facilities.

The Association will not enter into development or other commitments without having sufficient committed loan facilities to cover the necessary borrowing requirement.

TMP 1.7: Legal and Regulatory Framework

The Director and Finance Agent are responsible for ensuring that any borrowing or deposit transaction is permitted by the Association's Rules, Financial Regulations and Procedures, as well as not being in breach of any applicable statutory or regulatory requirements, including but not limited to charity law, SHR requirements and FCA requirements. The Director and Finance Agent are empowered to take appropriate external advice as required to satisfy this. The Association maintains a robust system of internal controls, which operates where possible by the ‘three lines of assurance’ methodology. Staff and consultants involved in treasury management activity will be appropriately qualified and experienced, qualifications and professional memberships of new staff and consultants will be confirmed before appointment. Appropriate training and development will also be offered to relevant staff. Appropriate insurance, based on professional advice, will be maintained at all times.

The Director and Finance Agent are responsible for ensuring that any accounting issues or concerns arising from a potential transaction (including but not limited to fair value accounting) are fully understood and explained to the Finance, Audit and Risk Sub-committee and Management Committee prior to approval of the transaction.

TMP 1.8: Operational Risk

The Association will ensure that it has identified the circumstances that may expose it to the risk of loss through inadequate or failed internal processes, people, and systems or from external events. Accordingly, it will employ suitable systems and procedures and will maintain effective contingency management arrangements to these ends.

As a minimum, these will include proper documentation of procedures and controls; segregation of duties wherever possible; regular independent audit of systems, controls, and records; and appropriate qualification, training, and development of staff.

TMP 1.9: Price Risk

The Association will not maintain an investment portfolio, this eliminates price risk which is defined as the risk of being exposed to movements in the market price of investments which could impact adversely on their value.

TMP 2: Performance Measurement

Existing Borrowing

The quarterly treasury management report presented to the Finance, Audit and Risk Sub-committee will consider whether current loan arrangements continue to provide best value, or whether advantage might be taken from alternative sources or methods of finance. This review will take account of prevailing market conditions and the business circumstances of the Association.

New Borrowing

The Finance Agent will record the interest rate secured and other costs payable by the Association on any new borrowing that it takes from time-to-time in comparison with the general level of interest rates prevailing at the time that such loans are taken. This will include details of non-utilisation fees, management fees and legal costs. This will be reported to the Finance, Audit and Risk Sub-committee as part of the new borrowing proposal, before going to the Management Committee for final approval.

Treasury Investments

The Finance Agent will, on a quarterly basis, review the level of returns being made on any investments held by the Association, with a view to assessing whether the current methods and deposits continue to represent good value for the Association. This will be reported in the treasury management report.

Consideration will be given in the review to alternative methods of deposit and deposit instruments, and whether they can be used to increase the return on deposits within the policy set in TMP 1.1. The assessment undertaken will include a comparison of the returns achieved by the Association with appropriate market comparators (including bank deposit rates) and will take into account other relevant factors, including management, dealing and transaction costs.

TMP 3: Decision Making Processes

All treasury management decisions made during the year will be in accordance with the Association's treasury management policy, unless specifically approved by the Finance, Audit and Risk Sub-committee, and in compliance with the Rules, Standing Orders and Financial Regulations and Procedures of the Association. In making key decisions regarding its treasury management activities, the Association will ensure that proper consideration is given to all relevant factors, including:

a. The powers of the Association and regulatory requirements;
b. Budgetary constraints and business plan projections;
c. Financial and non-financial covenants;
d. Prevailing and forecast economic conditions; and
e. Available funding and treasury management options.

Any key decision will be informed by an appropriately detailed written report, covering as appropriate, the areas identified above and such reports will be compiled by the Director and Finance Agent for consideration and approval by the Finance, Audit and Risk Sub-committee.

In compiling such reports, the Director and Finance Agent will exercise appropriate levels of care and professional expertise, and where they consider it necessary, may seek advice in specialist areas from suitably qualified external advisers.

The treasury management decisions made, following consideration of such reports, will be properly minuted and recorded as required by the Association's Standing Orders. The Director will be responsible for ensuring that the outcome of any such decisions is effectively communicated to any officer of the Association who may be involved in implementing those decisions.

TMP 4: Approved Instruments, Methods, and Techniques

Borrowings

The Finance Agent will maintain accurate, complete, and up-to-date data on all treasury management instruments in use. This information will be presented to the Finance, Audit and Risk Sub-committee quarterly, within the treasury management report.

In entering into any new loans, the Association will ensure that these are documented under clear and binding legal documentation that:

a. Accurately reflects the terms and conditions agreed with lenders;
b. Complies with applicable legislative and regulatory requirements; and
c. Has been compiled by suitably qualified advisors.

Any new loan documentation must be approved by the Finance, Audit and Risk Sub-committee and Management Committee with the benefit of appropriate advice from officers of the Association, the Association's solicitors or other legal advisers, and other such specialist advice as the Finance, Audit and Risk Sub-committee and Management Committee may require. This power can be delegated, if need be, to an identified sub-group of the Management Committee members, but only for reasons of efficiency and speed. Any such sub-group must include at least three Management Committee members, and their authority must be minuted and limited.

The Director and Finance Agent will prepare a report to the Finance, Audit and Risk Sub-committee and Management Committee for approval which will include but not be limited to the following:

a. The name of the proposed lender or arranger with brief details of their perceived experience and understanding of housing associations, and their credit rating (where applicable);
b. Interest rate margin, fixed rate or underlying fixed or variable reference rate;
c. Arrangement and other fees;
d. Covenant requirements - including limits set for financial covenants and an analysis of the Association's ability to meet those limits;
e. Security requirements - basis of valuation and level of cover and assets to be charged;
f. Purpose (with cashflows if applicable);
g. Comparison with alternatives;
h. Compliance with this policy, Rules, and regulatory and statutory requirements;
i. Arrangements for drawdowns;
j. Details of any independent professional financial and legal advice, including confirmation of powers to enter into the transaction; and
k. Any other matters which might assist the Finance, Audit and Risk Sub-committee and Management Committee in considering the proposal, or are required by the lender, any advisor, or any regulator to be brought to the Finance, Audit and Risk Sub-committee Management Committee's attention.

The Association will endeavour to ensure that no new funding arrangement is entered into which binds the Association to meeting financial covenants and security arrangements which are deemed to be more onerous than those on its existing loans.

The Association may undertake interest rate management through the medium of its loan documents, and, unless expressly approved by the Finance, Audit and Risk Sub-committee, will be limited to fixed and variable interest rates. Variable rates may be set against SONIA or Bank of England Bank Rate (also known as 'Base Rate').

Treasury Management Investments

The Director and Finance Agent have delegated authority to deposit the surplus cash funds of the Association in accordance with the terms of this policy.

The only investment instruments approved for use by the Association are deposits which meet the criteria set out at TMP 1.1.

Transactions must be documented showing details of the counterparty, credit rating, trade date, settlement date, maturity date, and interest rate. The record of transactions will be reviewed quarterly by the Director and Finance Agent to ensure compliance with this policy, and made available to auditors on demand.

All deposits will be made with by bank transfer in accordance with the Association's Financial Regulations and Procedures.

The Director and Finance Agent have a responsibility to keep abreast of market movements and developments. They may seek professional advice or subscribe to market information services for this purpose.

TMP 5: Responsibility for Treasury Management

The Association has drawn up and approved a scheme of delegation for the operation of the treasury management policy, as set out below:

Delegated Power	Exercised By
Approval of the Treasury Management Policy	Management Committee
Approval of the Treasury Management Report	Finance, Audit and Risk Sub-committee
Application of Treasury Management Strategy	Director and Finance Agent
Acceptance of loan offers, approval of loan agreements and granting of security	Management Committee
Acceptance of loan offers and arrangements for approved schemes, which cannot wait until the next Management Committee meeting, and within delegated authority from Management Committee.	Chair or Vice Chair of Management Committee and the Director. Any action taken to be reported to the next Management Committee meeting.
Drawdown of approved loan facilities in accordance with the treasury management strategy, including lender and regulator reporting, management of treasury payments and receipts, management of security	Director or Finance Agent
Investment of surplus funds	Director or Finance Agent

Interest rate management	Director or Finance Agent
Approval of bankers	Finance, Audit and Risk Sub-committee

The Director and Finance Agent will be responsible for the provision of an adequate system of internal control. Where possible this will include segregation of duties between those placing deposits and those responsible for recording, checking, and confirming them. Where such segregation of duties is not possible, the Director and Finance Agent will be responsible for the regular review of records and procedures to ensure compliance with this policy.

TMP 6: Reporting Requirements

The Director and Finance Agent will report to the Management Committee on treasury activities as shown below:

Item	Frequency
Management Accounts, including in particular: • Cashflow forecast covering twelve months from the report date • Covenant calculations for the year to date	Quarterly
Treasury management report, summarising loan, and deposit movements in the current financial year, and confirming in particular: • Cash portfolio summary including the key details of all accounts held by the Association • Loan portfolio summary covering the key details all existing and committed funding • Confirmation of the security held by each lender • Covenant compliance for the quarter • Compliance with the treasury management policy • Submission of all required reports and returns to SHR and lenders	Quarterly
Risk register review	Quarterly
Budget and long-term financial projections incorporating cashflow forecasts, with associated borrowing and interest rate strategy; projected liquidity and funding needs; covenant projections and business plan assumptions	Annually
Treasury Management Policy assessment	Annually
Treasury Management Policy review	Triennially
Any relevant internal audit reports	As required per the internal audit plan

The Director and Finance Agent will report to the Finance, Audit and Risk Sub-committee on submission of any required reports (including but not limited to management accounts; audited accounts and associated audit reports; business plan and forecasts; covenant compliance certificates and valuation reports) to lenders.

TMP 7: Budgeting, Accounting and Audit Arrangements

Treasury management activity will be subject to internal audit review. Treasury management will be considered for the internal audit programme every three years with an internal audit being undertaken at least once in every five year period, with the Finance, Audit and Risk Sub-committee receiving a report from the internal auditors.

TMP 8: Cashflow Management

The Association annually prepares a 30-year business plan, covering all the activities of the Association. This includes a 30-year cashflow forecast, incorporating current borrowing arrangements, and identifying projected borrowing needs and investment opportunities over the forecast period.

The Finance Agent will prepare a detailed cashflow forecast for a period of twelve months, projecting income and expenditure. The cashflow projection will be updated quarterly and reported, within the management accounts, to the Finance, Audit and Risk Sub-committee. The report accompanying the management accounts will highlight any impact on future borrowing requirements and any increased treasury risks, such as liquidity or covenant compliance since the previous projection. This will form the basis for planning and arranging any new borrowing required.

TMP 9: Money Laundering

The Association has adopted a Fraud and Bribery policy which includes provisions to help minimise the risk of fraud including money laundering. In addition, the Treasury Management Policy imposes the requirements set out below.

No loan shall be taken from, nor any deposit made with, any organisation or individual without the prior written approval of the Director, or which does not comply with the Association's borrowing or deposit criteria at TMP 1.1. In granting consent to a loan from, or deposit to a new organisation, the Director will ensure that the identity and credentials of such organisations have been appropriately ascertained and verified. The Director will maintain a written record of such verification and the details provided by the organisation.

Details of any proposal in relation to a loan from or deposit to any organisation other than in the normal course of the Association’s business will be reported as soon as possible to the Director or Finance Agent.

The Director is responsible for taking reasonable steps to ensure that all staff dealing with any element of the Association's cashflow are appropriately alert to the possibility of attempts being made to use the Association for money laundering purposes. Such staff will also be made aware of the requirement to report suspicions of money laundering to the Director or Finance Agent.

Where the Director or Finance Agent is satisfied that a suspicion of money laundering does exist, these will be reported to the appropriate authorities in their required form.

TMP 10: Staff Training and Qualifications

The Association will ensure that its staff are suitably qualified and/or experienced in respect of the treasury-related responsibilities assigned to them. Sufficient training will be obtained as necessary and access to appropriate external advisors will be provided if required.

At a minimum, it is expected that the Finance Agent will be Consultative Committee of Accounting Bodies (CCAB) qualified and have maintained their professional membership and carried out their Continuous Professional Development (CPD). Qualifications and memberships of new staff and service providers will be verified before employment or service contracts are confirmed.

TMP 11: Use of External Service Providers

Bankers

The Association's lead banking provider is Bank of Scotland. Performance and value for money of banking services will be reviewed at least every five years, and, if the Finance, Audit and Risk Sub-committee considers it appropriate, retendered.

Approval to appoint new bankers is reserved to the Finance, Audit and Risk Sub-committee.

Treasury Management Advisers

The Association may appoint external professional advisors on an ongoing and/or one-off basis. Any appointment must be in line with the Association's procurement policy. Any procurement exercise would be overseen by the Director.

TMP 12: Corporate Governance

The Association is constituted as a not-for-profit body. It is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2029R(S)) under the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator as a Registered Social Landlord (No. HAC176) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC041992. It is governed by an independent Board elected by its membership, referred to as Management Committee.

The Management Committee of the Association maintains a Committee structure which includes a Finance, Audit and Risk Sub-committee. The remit of the Finance, Audit and Risk Sub-committee is set out in the formal Committee remit documentation.

The Finance, Audit and Risk Sub-committee provides detailed oversight of financial performance, planning and reporting as well as structured, systematic oversight of the Association's governance, risk management, and internal control practices. The Finance, Audit and Risk Sub-committee reviews these and provides the Management Committee with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices, including from external and internal audit.

It has certain decision-making powers in these areas delegated by the Management Committee. It includes Management Committee members with appropriate skills, qualifications and experience for the remit of the Committee. The chair of the Management Committee cannot be the Chair of the Finance, Audit and Risk Sub-committee.

External and internal audit providers have a right of direct access to the Finance, Audit and Risk Sub-committee, without reference to the Chair of the Management Committee, the Director or Finance Agent.

5. POLICY REVIEW

This policy will be reviewed at least every three years, or sooner if required.