

Enfield Island Village Residents Association Limited

Financial Regulations

Accountability

The Directors of the Enfield Island Village Residents Association (the Company) are ultimately responsible to the Members for the proper management of the financial affairs of the company.

However, as the responsibility for the day to day running of the affairs of the Company has been contracted out to the Managing Agents, it is necessary to set out the following controls which, while enabling the Directors to fulfil their responsibility, are pragmatic and do not hinder the Managing Agents in carrying out their contractual obligations.

Regulations

The Managing Agents should agree to be bound by these controls and be liable to the Company for any loss sustained by the Company as a result of their non-compliance.

1 Professional Insurance (PI) cover

The Managing Agents to be required to produce annually copies of their PI policy and confirmation that the Company is protected against financial loss in the event of an act of fraud at the Managing Agents.

2 Internal control procedures

The Managing Agents to provide details of their internal control procedures for scrutiny and the Directors should satisfy themselves that these are acceptable. Changes, if necessary, to be discussed and agreed with the Managing Agents.

3 Bank accounts

- no funds belonging to the Company to be held in any account other than an approved Company account.
- two authorised signatures to be required for operation of the bank account(s), as follows:
 - amounts up to £1,000 - 2 Managing Agents' signatories
 - amounts over £1,000 - 1 Managing Agents' and 1 Director
- balances to be reported to the Directors monthly initially for the first three months and quarterly thereafter if Directors are satisfied with the procedures

4 Reserve Fund

- separate account(s) to be maintained in respect of Reserve Fund
- any transfer out of these accounts to be notified to the Directors prior to such transfer being made
- the funds to be placed on interest earning deposits in tranches with a spread of maturity dates, depending on estimated requirements, to maximise income

- 5 **Budgets**
- to be prepared by the Managing Agents and approved by the Directors
 - actual expenditure and variances against budget to be reported to the Directors periodically, as agreed (monthly or quarterly), with appropriate explanations
 - anticipated over-spends to be reported to the Directors at the earliest
 - any extraordinary expenditure not authorised within a budget to have the prior approval of Directors if it exceeds £2,000.
- 6 **Arrears of Service Charges**
- to be reported to Directors monthly, initially for the first three months and quarterly thereafter if the Directors are satisfied
 - action being taken for recovery to be set out
(Note : guidelines for recovery action to be agreed with the Directors)
- 7 **Restriction on use of Company's funds**
Company's funds/assets not to be used for the following:
- loans, grants or subsidies to Members, Directors or Agents
 - donations, unless approved by the Directors
 - activities not expressly authorised by the Directors
- 8 **Contracts**
- all contracts to be placed before the Directors for scrutiny **before** they are signed.
 - any variation to such contracts to be similarly dealt with
 - contracts involving an expenditure commitment in excess of £500 to require three quotes
 - no Director or Agent having an interest in the contract to be a signatory on behalf of the Company
- 9 **Borrowings**
- require express prior authorisation by the Directors
 - any variations in terms require similar prior authorisation
- 10 **Declaration of interest**
- Directors and Agents to notify the Directors in writing of any interest in any dealings with the Company
- 11 **Insurance**
- assets and business of the Company to be adequately insured
- 12 **Administration/retention of records**
- Managing Agents will be responsible for the safe-keeping and retention of records in accordance with relevant statutory requirements
- 13 **Amendments to financial controls**
- amendments to these procedures/controls will only be valid if approved by the Board of Directors