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1. Introduction and legal background

- 1.1 A residents association is formed by a group of people living on an estate, area or in a block, who come together as an organisation to represent their mutual interests. This gives them a better say in how things are run and means they can work with Peabody and local authorities to find solutions to problems affecting their area.
- 1.2 Peabody provides formal recognition and funding to resident groups who have an approved constitution and meet the requirements set out in our *Policy for recognising and supporting residents associations*.
- 1.3 There is also a *Setting up a residents' association procedure* to provide Peabody staff with guidance when receiving resident queries.
- 1.4 Residents Associations are legally described as unincorporated associations. Unincorporated associations are the most common form of organisation within the voluntary sector. An unincorporated association is a contractual relationship between the individual members of the organisation, all of whom have agreed or "contracted" to come together for a particular purpose. Officers of unincorporated associations can be personally liable for the debts of the group, as can individual members if they have signed a contract in their own name. Members of the voluntary management committee and the wider membership of an unincorporated association may be personally liable for any legal actions or debts facing the organisation. It is therefore very important that Peabody has in place an effective framework to monitor and supports our 'recognised' resident associations when providing them with grants.
- 1.5 This procedure provides staff with guidance on how to administer resident association grants. Using this procedure will ensure that our resident associations are following the correct guidelines, using appropriate practices and are accountable to their wider membership. The key liaison for administering resident association grants will be the Neighbourhood Managers and Sheltered Housing Officers. The amount of grant paid annually is set out in the *Policy for Recognising and Supporting Resident Associations*.

2. Purpose of grant

2.1 An annual grant is paid to Peabody Resident Associations to assist them with carrying out their activities in line with the aims of their constitution. There is a wide range of expenses that we might expect to see listed on a Resident Association Income and Expenditure sheet, such as:

- Stationery
- Photocopying/newsletters/Minutes
- Travel expenses related to resident association activities
- Hall hire
- Community social events
- Computer equipment for key officers
- Equipment for community hall
- Magazine subscription
- Events refreshments
- Flowers for a resident's funeral
- Environmental projects on the estate

2.02 Items outside these categories may need more scrutiny by Peabody, the committee and wider members at the AGM. However it should be noted that Peabody are not the only funders of our resident associations. External organisations provide grants to our associations for specific activities; it is necessary therefore to ensure that funding has been spent in the way required by the funder.

3. What we require from resident's associations

3.1 Resident Associations requiring funding must be advised that they should adopt and adhere to a set of Financial Standing Orders broadly set out as follows:

1. A bank account to be opened with a financial institution.
2. Two signatories are required to withdraw any money. These to include the Chair, Secretary and Treasurer of the association. Signatories should not be from the same family.
3. Under no circumstances will the association use an open or pre-signed cheque.
4. The procurement of equipment or any other expenditure in excess of £50 must be subject to committee resolution.
5. An inventory of all items purchased, including purchase price, together with full details of all other expenses and expenditure must be maintained by the Treasurer. The inventory must be made available for inspection upon request at any time.
6. No monies are to be paid to committee members other than out of pocket expenses (e.g. travel, telephone, stationery etc.)
7. Where monies are claimed for travel expenses (e.g. attending Regional Forums, training, conferences etc.) the following details are required; reason for attendance, date of attendance, destination to and from and receipts of travel or a total mileage claimed.
8. Where monies are claimed for telephone calls an itemised bill is required which identifies all calls to which the claim refers.

Carried forward	<u>£5,244.63</u>
<u>Total</u>	<u>£9,236.63</u>

Our total bank balance (15 June) is	£9,216.63
Petty cash	<u>£20.00</u>
<u>Total</u>	<u>£9,236.63</u>

Signed..... Treasurer

Date.....

Signed..... Peabody Examiner

Date.....

4. Process for examining accounts

- 4.1 At least 2 weeks prior to the AGM, (usually at the same time as the annual review of the residents association), the Treasurer will be asked to provide the Neighbourhood Manager with the relevant books, accounts, receipts and bank statements (see 3.03 and 3.04 above). The Neighbourhood Manager will:
- a. Ensure that the bank balance listed on the Income and Expenditure sheet corresponds to the bank statement.
 - b. Check that receipts tally with individual amounts and totals set out as payments on the Income and Expenditure sheet. It is acceptable for there to be a number of receipts for a listed item such as 'stationery' (paper, pens ink etc.) and for this to be listed as an overall total (say £100), providing the receipts add up to the total on the Income and Expenditure sheet. It would be the Treasurer's responsibility at an Annual General Meeting to provide more specific details to members on request.
 - c. Ensure that 'income' on the into the bank tally with the statements.
 - d. Use a calculator to check the figures listed on the Income and Expenditure sheet.
 - e. Check that the type of expenditure is appropriate to the purpose of the Residents Association (see 2.01 above), and is reasonable and proportionate to the area covered, number of active members etc.
- 4.2 Where errors are identified or questions arise about the accounts, the officer will liaise with the Treasurer to try to resolve them. If questions arise about the type of expenditure, or the reasonableness of expenditure, these can be discussed at the Annual Review meeting, and an action plan agreed.
- 4.3 If the accounts are in order, the Neighbourhood Manager should sign the Income and Expenditure sheet.
- 4.4 A copy of the signed Income and Expenditure sheet and documents should at this stage be sent to the resident association along with a covering letter stating where required improvements can be made to the administration of accounts by the group. Where accounts are particularly poorly presented or are incomplete, payment of future grant may be made

conditional on improvement to the Financial Procedures of the group. Attendance at a 'basic book keeping' course or some individual support should be offered.

- 4.5 The Treasurer should countersign the Income and Expenditure sheet and arrange for copies to be distributed at the Annual General Meeting. At the event itself, members should be given the opportunity to scrutinise the accounts and vote formally whether to pass them or not. Peabody liaison staff should endeavour to attend all AGMs to ensure that this process is carried out properly.

5. Paying the annual grant

- 5.1 The annual grant can be paid following the AGM, provided that:
- a. The Residents Association has continued to be recognised by Peabody at the Annual Review (usually carried out at the same time as checking the accounts)
 - b. The accounts have been approved by the resident association members at the AGM, and minutes of the AGM have been provided to the Neighbourhood Manager
 - c. Equality and diversity monitoring forms have been completed and returned by the committee
- 5.2 Raise a cheque requisition and attach to it a copy of the signed Income and Expenditure sheet and a copy of the Resident Association Annual Review form.
- 5.3 The budget holder (Assistant Head of Neighbourhoods) should confirm that the amount is correct and tallies with the property number held on the central list, before approval of the grant and sending to finance.
- 5.4 The Neighbourhood Manager will request that the cheque be returned to the originator. The Neighbourhood Manager will post the cheque to the resident association, only when the new committee have returned the *Diversity Monitoring Forms*. (See also the procedure for running an AGM). These should be input by the Neighbourhood Service [S](#) Support Officer for analysis.

6. Serious financial mismanagement

- 6.1 Any serious cases of possible financial mismanagement found during this process should be referred to Peabody's Head of Risk Assurance and Control to investigate.
- 6.2 Where it is found that deliberate financial mismanagement has taken place, Peabody will expect committee members involved to be deselected from the committee. Such persons will be excluded from further involvement with registered resident groups. Where necessary, Peabody may instigate Police involvement in investigations. Where mismanagement is a result of lack of information or training, such tenant groups will again be expected to have relevant committee members attend basic book keeping training.