

Board Members' Handbook



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INTRODUCTION

This Handbook provides information and guidance for the members of the Board, executive and staff of Co-operative Housing Ireland about the organisation and the conduct of its business affairs.

The Handbook is a key source of reference about the Society's formation, legal status and mission as the national representative, promotion, information, training and development body serving the co-operative housing movement.

The policies and procedures adopted by the Board for the good governance of the Society's activities are set out in the various Parts of the Handbook.

These policies and procedures both reflect and seek to implement the values and principles which govern co-operative enterprises and the role of Co-operative Housing Ireland as a leader for the co-operative movement in Ireland.

This new Handbook replaces earlier versions and will be the subject of future review in line with the Society's commitment to continuous improvement.

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1/ FORMATION, OBJECTS AND LEGAL STATUS OF THE ASSOCIATION

1.1 Formation of the Association and Society

Co-operative Housing Ireland was formed as *NABCO (the National Association of Building Co-operatives)* in 1973 by representatives of local co-operative housing societies as a not-for-profit, federated co-operative society.

The Society is jointly owned by its affiliated co-operative housing societies and is the oldest federation of housing organisations in Ireland.

1.2 Objects or Aims

The main objects or aims of Co-operative Housing Ireland are as follows (summary):-

- relief of housing needs and deprivation through the provision and management of housing for community benefit using co-operative organisational principles,
- representation, promotion and development of the co-operative housing movement in Ireland,

- provision of information, advice, guidance, training and other support services for housing co-operatives.

The Society seeks to unite, represent and serve the common interests and concerns of its affiliated co-operative housing societies.

1.3 **Legal Incorporation and Registration**

The *National Association of Building Co-operatives (NABCO) Society Limited* was legally incorporated and registered under the Industrial and Provident Societies Acts 1893 – 1978 on the 25th January 1973 (Registration Number: 3174R Dublin). It was renamed as Co-operative Housing Ireland Society Ltd. by special resolution in November 2015.

The registered Rules set out the Society's objects, powers and purposes and the provisions for membership, the Board, meetings, voting, financial accounts, annual audits and other statutory requirements.

1.4 **Not-for-Profit, Charitable and Community Benefit Purposes**

The generation and distribution of financial profit or surplus by the Society and its affiliated co-operative housing societies is not the primary purpose of their business activities. The relief of housing needs and the provision and management of housing accommodation for members and their communities is their main focus.

The Society seeks to ensure it has adequate financial resources to meet current and future expenditure commitments. All income is applied solely towards the achievement of its objects and the benefit of the community. The members of the Board do not receive remuneration.

Co-operative Housing Ireland was granted charitable recognition by the Revenue Commissioners in 1984. (CHY. NO: 6522, CRA. NO: 20012182).

1.5 **Registered Office**

The Society's registered office is at

Co-operative House, 33 Lower Baggot Street, Dublin 2, Ireland.

These office premises were acquired in the year 2004 to provide a central office for the Society to serve the co-operative housing movement.

The Society's executive and other staff are based in this office.

MISSION AND VALUES

2.1 Co-operative Housing Ireland's vision is:

an Ireland where everyone has the option to participate fully in their own and the wider community's social, economic and environmental development through co-operation.

Co-operative Housing Ireland's mission is:

to lead the development of social, economic and environmental sustainability in Ireland through co-operative effort and the provision of co-operative housing in particular.

2.2 The focus of the Society's policies, strategies and work programmes is on promoting and supporting the contribution which well organised, not-for-profit, co-operative enterprises can make towards the relief of housing needs, for members and their communities.

2.3 Housing co-operatives are self-help and jointly-owned *member/user* associations or societies. They build or acquire and manage houses or apartments with various forms of tenure (rental and ownership) in response to community housing needs. The members share responsibility for their co-operative housing enterprises and are represented and involved in the management committees or boards of directors.

2.4 The Society seeks to apply the values of self-help, sharing responsibility, democracy and solidarity to the organisational principles by which co-operative housing societies are owned and managed as *member/user* enterprises, successfully delivering quality housing services for the benefit of the communities they serve.

2.5 Co-operative Housing Ireland is a member of the International Co-operative Alliance (ICA), the independent non-governmental association of co-operative organisations, founded in 1895 and based in Brussels, Belgium. The Society supports the Statement on Co-operative Identity maintained by the ICA, upon which co-operative organisations worldwide base their activities.

STATEMENT ON CO-OPERATIVE IDENTITY

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of **self-help**, **self-responsibility**, **democracy**, **equality**, **equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

- **Voluntary and Open Membership**

Co-operatives are voluntary organisations, open to anyone able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

- **Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions.

- **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative.

- **Autonomy and Independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

- **Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

- **Co-operation among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

- **Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Co-operative Housing Ireland is also a member of Housing Europe, the federation of public, social and co-operative housing providers formed to express their common interests in relation to the institutions of the European Union and for the exchange of information about housing policies and practices.

3/ ORGANISATION, MEMBERSHIP AND MANAGEMENT

3.1 Organisation Structure

The organisation structure of the Co-operative Housing Ireland comprises:-

- the affiliated co-operative housing societies or housing co-operatives as the shareholding members and joint-owners of the Society,
- the Board of the Society, which consists mainly of the elected representatives of the affiliated housing co-operatives, together with other expert members,
- the executive directors and staff, consisting of the Chief Executive Officer, a team of directors and other staff.

3.2 Board

The Board, as the governing body of directors, has overall responsibility for the conduct of the Society's business affairs and control of its assets, resources and work programmes.

The Board also represents the collective interests and concerns of the affiliated co-operative housing societies, while overseeing and monitoring the performance of the Society as the national representative, promotion, information, training and development organisation serving the co-operative housing sector.

3.3 Board Membership

The members of the Board, of which there must be not less than seven and not more than twelve, consist of:-

- representative delegates of affiliated members, elected at the Annual General Meeting, not exceeding one representative from any one affiliated member, who may hold office for a two-year period until the second Annual General Meeting after their election; they may be re-elected if nominated by their respective affiliated co-operative housing societies.
- representative delegates co-opted by the Board to fill any vacancies occurring,
- other persons, not exceeding five who are co-opted by the Board to assist its work.

Members of the Board may be reappointed for not more than five two-year terms, up to a maximum of ten years' service.

3.4 Meetings

The Board is required by the Society's rules to meet not less than four times in each year and, in practice, meets regularly as business requires, usually between six and eight occasions during each year.

Notices of meetings and agendas are issued in accordance with the Society's rules by the Secretary in consultation with the Chairperson and Board, and, as far as possible, according to an agreed schedule of dates. Briefing papers and reports are also circulated to members, both before and as necessary during meetings.

Board members are requested to notify the Secretary in advance if they are unable to attend a meeting.

3.5 Board Quorum and Voting

The requirement of the Society's rules is that no business shall be conducted at any Board meeting unless one-third of its membership is present.

Most decisions made by the Board are reached by consensus and agreement, based on information and reports related to the agenda items under consideration. The Chairperson may find it necessary to conduct a vote on a particular matter and, in such circumstances, each member has one vote.

3.6 Election and Functions of Chairperson and Vice-Chairperson

The Board elects a Chairperson from their own number at its first meeting after the Annual General Meeting each year.

The Chairperson presides over and conducts the meetings of the Board and also the General Meetings attended by the representative delegates of the affiliated members of the Society (Annual General Meetings and any Special General Meetings).

A Vice-Chairperson is also elected to preside over meetings in the absence of the Chairperson.

The Chairperson and Vice-Chairperson are expected to have a good knowledge of the Society's rules, democratic values and objects, with the capacity to conduct and co-ordinate decision-making at meetings in accordance with the agendas and the business matters requiring attention.

The Chairperson and Vice-Chairperson are elected for one year and serve until the first Board meeting after the next Annual General Meeting. They may be re-elected for further annual periods but not exceeding a total of four consecutive years.

The elections of the Chairperson and Vice-Chairperson are conducted by secret ballots of the members of the Board.

3.7 **Sub-Committees**

The Board may elect or appoint such Sub-Committees as it considers necessary to assist its work in conducting the business affairs of the Society, or to support and assist various aspects of the delivery of its strategies and work programmes. Such Sub-Committees may comprise members of the Board, other co-operative members and persons who can contribute expert knowledge and experience to the work of the sub-committees.

The Sub-Committees, have the support and assistance of the executive staff team in the preparation of reports and recommendations to the full Board in accordance with the terms of reference or functions delegated to them.

Current standing Sub-Committees are:

- **Audit, Assurance and Finance Sub-Committee:**

The purpose of this Sub-Committee is to monitor significant financial planning, management and reporting matters of Co-operative Housing Ireland, make recommendations, and deliver reports to the Board. The increased role private finance will play in capital development programme places greater emphasis on the requirement for demonstrating excellent financial control and risk management.

- **Customer Services Sub-Committee:**

The purpose of this sub-committee is:

- To provide advice to the Board on the development of initiatives to support community development
- To explore the possibility of supporting the development of co-operative enterprise initiatives, including in the area of social enterprise, to identify resource requirements and sources of support, and to make recommendations to the Board
- To identify volunteering, training and employment opportunities for members
- To provide support for local initiatives in the area of community development that promote higher levels of member engagement
- To pay particular regard to celebrating the diversity of the Association's membership while promoting the co-operative value of solidarity.

- **Development & Growth Sub-Committee:**

The purpose of this sub-committee is to consider and evaluate options regarding the purchase or building of housing properties and report to the Board.

- **Officer Sub-Committee:**

This sub-committee meets on an ad-hoc, as-needed basis, and is comprised of the Chair, Vice-Chair, Chairs of Sub-Committees and Secretary/CEO. It works to support the Board by preparing the agenda for meetings, prioritising decisions to be made, and other tasks that need to be dealt with between Board meetings.

3.8 **Executive and Staff**

The Chief Executive is responsible for the proposal and implementation, in consultation with the Board, of policies and strategies to achieve the Society's objects, together with the management, co-ordination and performance of related work programmes.

The Chief Executive is also responsible for the day-to-day administration of the Society's legal and corporate business, preparation of financial budgets and

control of accounts, records and reports, together with the recruitment and assignment of staff.

This includes the conduct and co-ordination of relations with other agencies and the representation of the Society in public affairs. The agreed public spokespersons for the Society are the Chief Executive and the Chairperson.

The Chief Executive may assign responsibilities for work programmes and their performance to the executive directors with the support of the staff team. They also assist the Chief Executive in the preparation of reports and by attendance when required at Board or Sub-Committee meetings.

There are currently three executive directors positions:

- Head of Customer Services
- Head of Finance
- Head of New Business
- Head of Corporate Services

While the Board is not involved in the day-to-day management of staff and reporting arrangements, it seeks to encourage and support staff performance through:-

- information and training programmes to enhance skills and knowledge relevant to the role and work of the Society and the co-operative housing movement,
- the provision of an information handbook about staff employment,
- the provision of welfare, health and safety information and guidelines for an appropriate safety management regime.

4/ IMPLEMENTATION OF MISSION, STRATEGIES AND WORK PROGRAMMES

4.1 Mission Activities

As the national representative body for the co-operative housing sector in Ireland, Co-operative Housing Ireland:-

- seeks public and governmental policies which are supportive of the distinct role and potential of member/user co-operative enterprises in the provision and management of housing and apartment buildings,

- provides information, advice, guidelines, training and other support services for the effective management of co-operative housing societies,
- promotes good governance standards and the delivery of quality housing services by affiliated co-operative housing societies,
- acts as a development agency for the expansion of the co-operative housing sector's contribution to the building of balanced and sustainable communities, with a range of housing options, tenures and choices for the relief of housing needs.

4.2 Strategic Planning

The Society's Board adopts and reviews strategic plans to support:-

- Representation, Promotion and Development of the co-operative housing movement
- Public profile and communications
- Services to support the organisation, management and performance of affiliated co-operative housing societies,
- Information and training
- Refurbishment and replacements in older co-operative rental housing
- Development and expansion of co-operative housing.

4.3 Work Programmes

The implementation of strategic plans provides the impetus for the Society's work programmes. These are related to resources and budgets, managed and coordinated by the Chief Executive, with the support of the executive directors and staff. Regular progress reports about various aspects of the implementation of the strategy work programmes and related projects/services are provided to the Board for review and evaluation.

5/ GOVERNANCE STANDARDS AND RESPONSIBILITIES

5.1 Governing Authority of Board

The Society's Chairperson and Board members, together with the Chief Executive and the executive directors, have a collective responsibility for safeguarding the governing authority of the Board.

The Board, as the governing body of directors, also ensures that it has the necessary capacity, knowledge and skills within its membership, and/or available to it by way of professional advice and executive/staff support, to carry out its duties effectively and to deal with its business and corporate decision-making functions.

5.2 Key Board Responsibilities

The following provides a summary of the key Board responsibilities:

- adoption of policies and strategies to achieve the objects and mission of the Society as the representative, promotion and development organisation serving the co-operative housing movement,
- overseeing and monitoring the Society's work programmes, projects and services,
- election/appointment of the Society's officers and sub-committees,
- fixing the Society's financial accounting policies and procedures and the preparation of annual financial statements to show a true and fair view of the Society's financial position,
- fixing the Society's procedures in relation to the borrowing of money and the making of contracts,
- compliance procedures in relation to the Society's own Rules and statutory duties under all relevant legislation.

5.3 Information, Minutes and Reports

The Board ensures that all members are supplied with adequate information in a timely way for their meetings. This has to be of a suitable quality to enable them to satisfactorily discharge their duties as the governing body of directors of Co-operative Housing Ireland.

Adequate minutes of the agenda matters and reports considered, the decisions made and the attendance at meetings are kept in an orderly way by the Society's Secretary.

5.4 Decision-Making Reserved to the Board

The Society's Board has reserved decision-making functions and responsibilities in relation to:-

- key policies, corporate plans and strategies,
- significant acquisitions and disposals of assets by the Society, including land, equipment and buildings,
- major investment and capital expenditure contracts involving the Society, such as construction and acquisition contracts and the terms of such contracts,
- approval of borrowing arrangements by the Society and the amounts and terms of loans,
- risk management and control policies, included delegated authority levels,
- approval of annual budgets and statements of financial accounts,
- appointment and remuneration of senior executive staff,
- significant changes in recruitment, salary levels, pensions and other benefits for staff.

5.5 Financial Reports to Board

Internal financial accounting and audit control procedures are kept in place, appropriate to the relative size and turnover of the Society's financial transactions and related business activities. The Board is supplied with management accounts showing income and expenditure amounts compared with budget provisions and a balance sheet at its meetings.

See Part 6: Society's Financial Accounting Policies & Procedures

5.6 **Financial Statements and Annual Audit of Accounts**

The Board is responsible for maintaining an appropriate relationship with the Society's *external professional auditors* and for ensuring that true and accurate Statements of the Society's business and financial position based on audited accounts are issued each year, together with the submission of such statutory returns to the Registrar of Friendly Societies as are required by the Industrial and Provident Societies Acts.

5.7 **General Meetings of Affiliated Members**

The Board arranges for the holding of an Annual General Meeting of the duly appointed representative delegates of the affiliated members (co-operative housing societies), each year, in accordance with the Society's rules. This general meeting is for the purpose of presenting a report together with the financial statements and audited accounts for the previous year to the members, the election of Board members as necessary and the appointment/re-appointment of the Auditor, together with the consideration of any proposals which are reserved in the Rules to the Society's members for a decision.

Consideration may also be given to the holding of a Special General Meeting, in accordance with the specific conditions of the Rules, for consideration of any proposals requiring the decision of the affiliated members or any change in the Society's rules.

5.8 **Avoidance of Conflicts of Interest**

No member of the Board may receive fees or other remuneration or shall be appointed to any salaried office, or to any office of the Society for which fees or remuneration are paid, except allowances or refunds for duly vouched out-of-pocket expenses in relation to attendance at meetings or the conducting of the Society's business.

No member of the Board, elected officer, or person holding any executive or salaried office in the Society may retain such a position, where he or she has any material interest of significance in relation to the income or profit directly derived from any commercial contract or other arrangements for the supply of building land, construction or acquisition of houses for the Society, or for an

affiliated co-operative housing society, or for the supply of goods and services to the Society.

Each meeting of the Board commences with an opportunity to declare a conflict of interest in relation to any item on the agenda. In any event, any member of the Board or person holding any executive or salaried office in the Society must immediately declare by way of notification to the Chairperson and Secretary in the case of Board members, and in the case of employees by way of notification to the Chief Executive, any conflict of interest in relation to proposed Board decisions, or in connection with the Society's contracts, employment and business transactions.

Any member of the Board holding or occupying a public appointment, either as an elected representative or as an official, where in such a capacity he/she is involved in contracts or other decision-making which may be of material interest or significance to the income, conduct or regulation of the Society's business, services or activities, must declare such an interest in advance and fully comply with the public body's procedures for the avoidance of conflicts of interest.

However, this shall not preclude the representation of the Society, through its officers, by way of invitation, appointment or participation as a member of a public agency board, committee or working group, in the interest of serving affiliated housing co-operatives or contributing relevant expertise and experience.

The Chief Executive, executive directors and other staff officers are expected not to provide services or to enter the employment of other housing organisations or consultancies in a similar field while in receipt of salaries from the Society.

A Register of Interests Form is included with this document at Appendix One.

The definition of a financial interest giving rise to a potential conflict of interest is included within the Rules of the Society.

5.9 Compliance with Statutory Duties

The Board is responsible for compliance with all relevant or applicable statutory duties. Where an individual member becomes aware of a non-compliance with any such duty or obligation, he/she should immediately bring this to the attention of the Secretary and, as necessary, to the President and other members of the Board.

5.10 Code of Conduct

The Board has agreed a Code of Conduct for its members which must be signed by all new appointees. The Code of Conduct is included with this document at Appendix Two.

5.11 Disqualification

Members of the Board can be disqualified from their position in a number of circumstances, as set out in the Rules of the Society.

6/ SOCIETY'S FINANCIAL ACCOUNTING POLICIES AND PROCEDURES

6.1 Responsibility for Accounting Policies and Controls

The Board is responsible for:-

fixing the accounting policies and the issue of directives and control procedures to ensure the orderly and efficient conduct of the Society's business, the safeguarding of its assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

These responsibilities involve the adoption of an adequate *accounting system*, which identifies, classifies and records all financial transactions and related events, supported by *control procedures* which include planning and budgeting of income and expenditure together with adequate reporting, monitoring, risk management and security arrangements.

A suitable management structure and method of assigning authority and responsibility is essential to enable the financial control procedures to achieve the specific objectives for which they are intended.

6.2 Monthly Financial Accounts

In order to fulfil the requirements of the Society's Rules and good accounting practice, the Board has directed that there shall be *adequate financial accounts kept written up and recorded monthly including reconciliations with the Society's bank accounts*. These financial accounts shall be a record of all income amounts received and all amounts of expenditure, including cheque payments, credit transfers or direct debits from the bank accounts and all electronic fund transfers by way of income and expenditure, with a consistent classification and analysis thereof under main account headings.

6.3 **Budget Plans and Reports**

The Board has directed that appropriate *budget plans with estimates of income and expenditure* shall be prepared for each year in respect of the Society's activities and work programmes.

The Society's involvement in co-operative housing development or acquisition proposals is to be supported by advance project planning. This should include business plans for each project indicating the capital cost of the project, ongoing income and expenditure estimates related to rents and other income. The long-term viability of the project must be assessed if intended for social rented housing or other subsidised housing purposes. This will include the anticipated outgoings or liabilities for loan repayments, interest charges, management, caretaking, repairs and maintenance etc. over 15 or 20/30-year loans periods and thereafter, for approval by the Board (See Paragraph 5.4 Decision Making Reserved to the Board).

Reports comparing *the record of income and expenditure with the budget estimates* and business plans (management accounts) shall be presented by the Chief Executive for consideration and review by the Board at its meetings.

6.4 **Financial Accounts for the Society's Income and Expenditure**

In order to provide an adequate accounting system for the classification and recording of income and expenditure, the following main financial accounts are kept up-to-date on a monthly basis and reconciled with the relevant bank accounts:-

Administration and General Income & Expenditure Account

Representation, Promotion & Co-ordination

▪ **Income/Receipts**

- Affiliation Fees, Contributions,
- Grants-in-aid from State sources,
- Funding from other sources,
- Co-operative Organisation & Support Services.

▪ **Expenditure**

- Office premises and overhead costs, secretariat/executive/administrative salaries and fees,
- Co-operative organisation, representation and promotion costs,
- Participation in national social partnership,

- National network costs.

Co-operative Housing Development, Management & Maintenance* Housing Management Account

▪ Receipts

- Rent amounts from member tenants in co-operative housing developments as recorded in the IT system.
- Co-operative Housing Development Loan and Interest Subsidies (credited to local authority loan accounts),
- Management and maintenance allowances and other housing service receipts.

▪ Expenditure

- Housing management, caretaking, repair and maintenance operations, including staff and administrative overheads,
- Housing management/administration salaries, fees and overhead costs,
- Payments in respect of shared service and support costs, including insurances, training etc.,

Capital Development Account

▪ Receipts

- Loan instalments from local authorities, banks and other agencies towards site or building acquisition/housing development project costs (also recorded in project capital loan accounts).

▪ Expenditure

- Payments for land/sites, buildings acquisition and construction contracts,
- Payments for technical, legal and other fees and charges,
- Development administration costs,
- Loan repayments and interest (from subsidies).

*Refers to income and expenditure arising from Co-operative Housing Ireland involvement in the development of new co-operative housing projects, rent and other housing management payments. This includes bulk purchase of insurances and management support services in to the central administration and general income account.

6.5 Membership/Shareholding Account

In addition to the *main* financial accounts a "*shareholding account*" recording the shares held by affiliated co-operative housing societies (**Register of Shareholding Members**) and a record of annual *affiliation fees* received is kept up-to-date.

6.6 Vouching of Payments (Bills, Invoices, Receipts)

The Board has directed that payments made by the Society must be properly vouched for by way of bills or invoices or receipts. A business bank payments card may be used, under the control of the Chief Executive, subject to monthly account reconciliations.

Cheque payments must be duly signed by any two of the three signatories authorised by the Board as notified to the Society's bank.

6.7 Electronic Funds Transfers

An agreed process for the proper oversight of Electronic Funds Transfers has been communicated to all Co-operative Housing Ireland staff.

Process

- Co-operative Housing Ireland officers, typically clerical officers in local offices, input invoices into the finance system as they are received.
- On a monthly basis, a Creditors Report is prepared and printed, prior to any payments being made through Electronic Funds Transfer (EFT).
- The Creditors Report is presented to a **local** Board Member who is a signatory on the local office's account. The Board Member inspects the report and, if satisfied, signs. If the Board Member has any queries, these must be addressed before proceeding. The signed Creditors Report is retained on file by the local office.
- Once the Creditors Report has been authorised by a Board member, Co-operative Housing Ireland officers can proceed to arrange payment through the Banking Online system.
- Co-operative Housing Ireland officers create beneficiary details on the Banking Online system and create the payment for approval.
- Once all payments in the Creditors Report have been created, the Housing Manager/Area Manager reviews payments and, once satisfied that they are correct, authorises them.
- When payments have been made through the Banking Online system, Co-operative Housing Ireland officers generate the payments in Sage and create remittance advice notices that are then emailed to the supplier.

6.8 **Payments of Salaries, Allowances, Deductions and Statements**

The Society's Board has directed that accurate records of all salary or wages payments shall be kept up to date, with details of gross amounts due in accordance with the terms of employment and any deductions made.

Deductions made in respect of income tax and pay related social insurances at the rates notified to the Society shall be properly and accurately recorded and duly forwarded on time to the appropriate office or account as specified by the Revenue Commissioners/ Collector General.

Accurate records of all other payments issued by way of allowances for properly vouched expenses incurred by staff employees shall also be kept up to date on a monthly basis.

All staff are to be supplied with statements explaining the details of the salary payments issued to them and deductions made (including pension or similar deductions etc.), with the gross amounts due and net amounts paid clearly shown.

6.9 **Authorisation of Capital Borrowings for Housing and other Purposes**

The Society's Committee of Management has authorised the borrowing of money by the Society for the purpose of providing capital finance to pay for site acquisitions and the provision of housing and related amenities, or to extend and improve existing co-operative housing developments.

The capital borrowings may be arranged under the terms and conditions of:-

- the Department of the Housing, Planning and Local Government Capital Funding Schemes for the Provision of Rental Accommodation by Approved Housing Bodies, as administered by the Local Authorities (to which applications for funding approval/sanction are made),
- such other public, or mixed public and private funding arrangements as may be conducive to the provision or acquisition of housing developments, including by way loans from private/commercial Banks or other appropriate Lending Agencies, secured mainly on the land/property for which the money is being borrowed and, if necessary, by the equity value* of existing property in the ownership of the Society up to a maximum accumulated loan amount equivalent to not more than 65% of the current total *net equity value* of all the property, allowing for any outstanding balances of existing mortgage loan charges secured thereon, or up to €75 million, whichever is the lesser.

The conditions set out in Paragraph 6.3, Budget Plans and Reports, apply to borrowing proposals. Each such borrowing transaction requires advance approval of the amount

* Any determination of the equity value of an existing property requires an independent professional valuation and assessment.

involved and the terms of the loan by the Society's Board, based on a viable business plan clearly indicating the income and expenditure for the project over the period of the loan with realistic provisions for repayment and interest costs, management and maintenance costs and for the sources of income to meet these costs.

6.10 Capital Loan Accounts

Separate records should be kept of *each* loan account, clearly indicating the purpose of the loan, (e.g., identification/location name of site purchase and/or construction/acquisition contract) all relevant dates, the name of the lender, the amounts drawn from the lender, including rolled up interest charges etc., together with amounts of repayments (with interest charges etc.) credited to the loan account.

6.11 Statements of Local Authority Loan Accounts

In the case of each capital mortgage loan borrowed from a Local Authority, an *annual statement* showing the amount borrowed, the amount of the loan balance outstanding and the amount of the loan repayments and interest charges credited to the account as *subsidised* or *waived*, under the terms of the *Capital Loan and Subsidy Scheme* or the *Capital Assistance Scheme*, as the case may be, should be obtained for the preceding year from the relevant Local Authority, as soon as possible after the start of the year following.

6.12 Annual Financial Statements and Audited Accounts

In accordance with the Society's rules, an independent Auditor, who is a member of a recognised professional accounting institute, is appointed each year to audit the financial accounts and related transactions. The Auditor ascertains that proper books or records of accounts, with all the explanations necessary for the purposes of the audit have been kept and that the Society's Financial Statements are accurately based on the information therein. The Auditor's report will confirm or otherwise if, in his/her opinion, the annual Financial Statements give a true and fair view of the Society's financial position, in accordance with generally accepted accounting practice and regulatory standards, including the requirements of the Friendly Societies and Industrial and Provident Societies (Miscellaneous Provisions) Act 2014.

6.13 Accounting Policies for Annual Financial Statements

The Board has directed that the following policies shall be applied in respect of the preparation of the Annual Financial Statements:-

Historical Cost Accounts

- Accounts are prepared according to the *historical cost convention*;

Depreciation

- Buildings (completed houses, apartments, communal meeting rooms and related facilities) shall be *depreciated* at the rate of 1% per year from the original historical cost. This rate of depreciation takes account of the ongoing annual expenditure on the repair and maintenance of the buildings for their preservation;
- Depreciation of *Office Equipment* is calculated according to the straight-line method over 5 years from the year of purchase; *Telecommunications and Computer Equipment* is depreciated over 3 years from the year of purchase and *Furniture* is depreciated over 7 years from the year of purchase, according to the straight line method.

Taxation

- As Co-operative Housing Ireland Society Ltd., applies all its income to the achievement of its objects, with no distribution of profit or surplus to its members, and is recognised by the Revenue Commissioners as being formed for Charitable purposes, the Society is exempt from taxation in relation to its surplus income over expenditure each year, i.e., exemption from corporation (company) tax;

Pension Scheme

- Co-operative Housing Ireland Society Ltd. makes payments to a defined contribution Pension Scheme and to Pay Related Saving Accounts (PRSAs) on behalf of qualified employees. The contributions paid by the Society are charged to the relevant account when made and included in the Annual Financial Statements.

6.14 Annual Returns to Registrar of Friendly Societies

Annual Returns showing the names and related details of the members of the Board, an officer, the shareholdings held by members (affiliated co-operative housing societies), the income and expenditure and balance sheet details, duly signed by the Chairperson and the Secretary and also the Auditor, are

submitted on the appropriate form provided (AR19) to the Registrar of Friendly Societies, who is responsible for the administration of the Industrial and Provident Societies.

6.15 Prohibition of Donations for Electoral and Political Purposes

The Board has directed that there shall be no donations made to any political party, member of the Oireachtas (Parliament) or to any candidate for election to the European parliament, Oireachtas, regional or local authority and that the *declaration* as required by Section 26 of the Electoral Act, 1997, to accompany the Annual Return submitted to the Registrar of Friendly Societies should be recorded as “nil” accordingly.

6.16 Procedures for Obtaining Prices and Tenders

The Board has directed that the supply of goods and services of less than a net €5,000 in value (i.e., before VAT is added) may be purchased on the basis of verbal quotes and invoices from one or more competitive sources. Purchases of goods and services require the approval of the Chief Executive or the Executive Manager dealing with the work programme in connection with which the purchase is being made.

Supplies or services involving contracts between a net €5,000 and net €50,000 should normally be awarded only on the basis of responses to specifications issued in written form, including telefax or e-mail, to at least three supplier or service providers. The award of contracts of this type and size should generally only be on the most economic and suitable of terms. All such awarding of contracts or purchasing arrangements should include verifiable records which are adequate to provide an audit trail. The awards of such contracts requires the specific approval of the Chief Executive.

6.17 Advertising for Tender Prices

The awarding of contracts for goods, supplies or services above €50,000 in value (net of VAT charges) shall normally be advertised as part of a tendering process.

When preparing a list of firms from which tender prices for the supply of goods and services may be sought, the Board has directed that:

- care is taken that such a list is open to suitably qualified entrants (firms),
- such a list is used in an open and non-discriminatory manner,
- the entry of recently established firms is facilitated in an appropriate way,

- a good representative sample of potential bidders in the market for the supplies or services required is included.

The selection of firms to tender should be sufficient to ensure adequate *competition* in accordance with specified criteria either randomly or by rotation, or by a suitable combination of all of these factors. The size, experience, technical competence, financial standing and capacity of tendering firms may be considered in determining the award of tenders, but particular regard will be given to equal treatment and a reasonable distribution of opportunities for firms to tender.

See also Paragraph 5.8 dealing with conflicts of interest

6.18 Compliance with Public Funding Scheme Procurement Requirements

The Board has directed that it is the intention to achieve compliance with the terms and conditions of any *public funding scheme* used and related directives or regulations requiring the adoption of *public procurement procedures* to obtain technical consultancy services and construction contracts, *in accordance with the financial contract value thresholds specified therein*.

In awarding contracts, attention will be given to ensuring tenders have met statutory provisions relating to minimum pay, legally binding industrial sectoral agreements and relevant health and safety regulations. Candidates or tenderers with criminal convictions related to organised crime, fraud, corruption or money laundering cannot be considered for the award of contracts. *Tax Clearance Certificates* must also be obtained prior to the award of contracts.

6.19 Contract Insurances

Prior to the award of construction and maintenance contracts, steps shall be taken to obtain confirmation that the contractor has adequate public liability and employer's liability insurance policies in place, including the policy numbers and identities of the insurance company/ies and the date of expiration of the policies. Steps should also be taken to obtain confirmation by way of endorsement of the policies that the Society is fully indemnified against all claims and related legal costs.

Contractors involved in the construction of houses/buildings on behalf of the Society should also provide an adequate "all risks" insurance policy, with the Society fully indemnified by way of endorsement, in respect of any damage or loss in respect of the building/s, due to fire or flood etc., with the mortgage loan provider, if any, also noted as an interested party.

6.20 Relevant Contract Tax and Reverse Charge VAT

In order to comply with the Revenue Commissioners' requirements for RCT and Reverse Charge VAT, Co-operative Housing Ireland, as a Principal Contractor, has an obligation to inform Revenue of any contracts it undertakes for Construction and repair works which fall under the term of relevant operations.

Using ROS (Revenue On Line) all contracts are registered on a monthly basis and all payments recorded against these contracts.

The Society's liability for RCT is calculated automatically through ROS and discharged by EFT every month.

Co-operative Housing Ireland's liability for Reverse Charge VAT is discharged by EFT on a bi-monthly basis in accordance with the standard VAT cycle.

All records are held in the Finance Department and are subject to an annual external audit inspection.

Appendix One

Register of Interests Form

Full Name:	
Address:	
Date of Birth:	
Telephone Number:	
Employment:	
Business: (Details of any businesses in which you have an interest)	
Company Directorships: (Details of any companies of which you are a director)	
Charities, Voluntary Bodies (Details of any charity, body, or association of which you are a member)	

Organisations (Details of any organisation or public body of which you are a member)	
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Declarations of interest of spouse/partner and immediate family		Details of business interests, company directorships and memberships of immediate family (to include spouse/partner, siblings, children and parents)	
Name	Relationship to me	Organisation name	Nature of interest

Appendix Two

Code of Conduct for Co-operative Board

I, _____, am a member of the Board of Co-operative Housing Ireland Society Ltd. (the Society).

- 1) I agree that, as I carry out my duties as a Board Member,
 - a) I will act honestly, in good faith and in the best interests of the Society. In carrying out my duties as a Board Member I will use the care, skill and diligence that any reasonably prudent person would use in a similar situation;
 - b) I owe a duty of loyalty to the Society;
 - c) I will declare any conflict of interest I may have in a matter before the board right away, either in writing or by asking that my declaration be noted in the board minutes. I will not take part in any discussion of the matter in which I have a conflict of interest and I will not vote if the matter is put to the vote. I understand that the following activities are considered by the Society to be

conflicts of interest and that conflicts of interest are not limited to the following situations:

- where a Board Member personally contracts with the Society or where he/she is a director of an organisation which is contracting with the Society;
 - where a Board Member learns of an opportunity for profit or other personal gain which may be valuable to him/her personally or to another organisation of which he/she is a member, or to other persons known to the Board Member;
 - where a Board Member holds or occupies a public appointment either as an elected representative or as an official, where in such a capacity he/she is involved in contracts or other decision-making which may be of material interest or significance to the income, conduct, or regulation of the Society's business services or activities.
- d) I will follow all laws, rules, by-laws and policies that apply to the Society and to the Board and I will abide by the decisions of the Board;
- e) I will publicly support the decisions of the Board;
- f) I will keep confidential any legitimate private information about the Society's business and employees or any other individuals that I become aware of through my position. If I am not sure whether certain information should be kept confidential, I will ask the Board for a decision on the matter. I recognise that my duty of confidentiality continues after I cease to be a Board Member.
- 2) I also agree that I will be deemed to have resigned from the Board, if
- I declare bankruptcy;
 - I fail to remain in good standing as a Board Member as defined below.

I am in good standing as a Board Member if

- I do not owe any money to the Society other than
 - my rent for the current month;
 - any other payment for which I have a payment agreement with the Society
- I am not in breach of my lease or Tenancy Agreement or any other rule, by-law or policy that applies to me as a member or Board Member.

Signature

Date