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# Financial Policy and Procedure

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Turas Training

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Approval date:

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Revision date:

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## 1. Policy Statement

- 1.1. TURAS is committed to ensuring that the organisation's finances are managed to a high standard, and in line with established accounting practices.

## 2. Purpose

- 2.1. The purpose of this policy is to set out principles and procedures for financial management of the organisation. These principles and procedures have been designed to be transparent and clear

## 3. Scope

- 3.1. This policy covers:
  - 3.1.1. basic financial management for organisational income and expenditure
  - 3.1.2. all employees of the [insert organisation's name] and all members of the [insert governance body]
  - 3.1.3. This policy should be read in conjunction with the Procurement Policy and other relevant policy documents

## 4. Glossary of Terms and Definitions

- 4.1. [insert specific tools, systems, etc., as applicable]

## 5. Principles

- 5.1. Decision making concerning all financial decisions should be transparent.
- 5.2. Systems should be monitored regularly at multiple levels (including the [management committee / board of management]) to ensure transparent and secure systems and appropriate financial management.
- 5.3. Management accounts which highlight any deviation from projected spending will be presented to the [insert governance body] on a periodic basis as defined by the [insert governance body], with the exception of extraordinary meetings.
- 5.4. The organisation will abide by all relevant taxation and accounting standards, and ensure policy and practice reflects changes, where appropriate.
- 5.5. Where possible, on-line or automated (standing order, direct debit, other EFT) payment methods that avoid paper waste and needless expense will be used.
- 5.6. Financial duties should be divided between personnel in the organisation in order to reduce the risk of fraud or error. [The extent to which financial duties can be divided will be dependent on the size and structure of the staffing of the organisation]

## 6. Roles and Responsibilities

- 6.1. The [insert governance body] has ultimate responsibility for the finances of the organisation, including budget and financial strategy approval and monitoring of expenditure and financial procedures.
- 6.2. The (insert role (e.g., Head of Finance / Financial Director)) is responsible for day to day financial management, including ensuring that:
  - 6.2.1. The [insert governance body] has clear up-to-date financial information, which is accurate and presented in agreed formats.
  - 6.2.2. Measures to safeguard financial procedures, such as audits and monitoring of systems are in place.
  - 6.2.3. Cash flow is monitored to ensure that there is sufficient income to meet projected expenses.
  - 6.2.4. Expenditure is monitored to ensure this is in line with the projected expenditure as agreed by the [insert governance body] in the yearly budget and to notify the [insert governance body] should there be any deviation from the agreed budget, as per 13.1.5.
  - 6.2.5. The organisation's assets are safeguarded by the maintenance of:
    - 6.2.5.1. a fixed asset register
    - 6.2.5.2. adequate stock control systems

- 6.3. The Treasurer has the role of guiding the finance strategy and financial procedures with the assistance of the Finance and Audit Subcommittee. The Treasurer should have experience of managing finance matters in an organisation of comparable size to the organisation.
- 6.4. The Finance and Audit Subcommittee has responsibility to:
- 6.4.1. Monitor and review the accuracy of the financial statements of the organisation and announcements about the organisation's financial performance and financial controls
  - 6.4.2. Monitor and review control and risk management systems.
  - 6.4.3. Monitor and review the effectiveness of the organisation's internal audit role;
  - 6.4.4. Monitor and review the external auditor's independence and the effectiveness of the audit process;
  - 6.4.5. Monitor and review arrangements by which staff of the organisation may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. (The committee will make sure that there are arrangements for independent investigation of such matters and for appropriate follow-up action).
  - 6.4.6. Approve the terms of engagement of the external auditor.
  - 6.4.7. Make recommendations to the board about the appointment, pay and conditions of the external auditor. The [insert governance body] then puts these recommendations to the members for their approval in a general meeting. (The organisation's annual report should include a description of the Finance and Audit Subcommittee's work.)
  - 6.4.8. The Finance and Audit Subcommittee should at least have one other member from the [insert governance body] who has experience in managing finance matters in an organisation of comparable size to the organisation.
- 6.5. The [insert role (e.g. Head of Finance / Financial Director)] should oversee the annual audit process and be responsible for liaising with the organisation's auditor in this regard.
- 6.6. The [insert role (e.g. Financial Administrator)] is responsible for:
- 6.6.1. Keeping all books of account and carrying out all reconciliations.
  - 6.6.2. Preparing cheques for payment
  - 6.6.3. Completing payment requisitions
  - 6.6.4. Carrying out payroll calculations, including calculation of returns to the revenue commissioners.
  - 6.6.5. Maintaining a safe and secure filing system for financial information
  - 6.6.6. Preparing financial reports for [insert groups] as requested by [insert role]
  - 6.6.7. Preparing all necessary documentation for audit, under the guidance of [insert role]
  - 6.6.8. Attending at the bank.
- 6.7. All staff members are responsible for ensuring that they act in accordance with this policy

## 7. Bank Accounts and Financial Support Details

- 7.1. [Insert name of organisation] currently banks with [insert bank name and address]
- 7.2. The organisation currently holds the following bank accounts: [insert table with bank a/c name, number and purpose]
- 7.3. Responsibility for authorising the opening of new bank accounts, closing bank accounts and decisions to change banks lies with the Finance and Audit Subcommittee.
- 7.4. The organisation will keep separate income and expenditure records for each bank account, and will reconcile each account separately.
- 7.5. The organisation's contact person in the bank is currently [insert contact details]
- 7.6. The organisation's auditor is currently [insert contact details]. Each year in advance of the AGM the Finance and Audit Subcommittee will consider the incumbent auditor and will make a recommendation to the [insert governance body] as to whether the auditor should continue in place or not.

## 8. Payment Protocols

- 8.1. In general, where there is regular expenditure (such as for a utility provider) which can be paid by direct debit or online banking, these methods should be used.

- 8.2. The organisation will operate a simple Purchase Order system. Any staff member seeking to purchase an item should fill out a Purchase Order form and submit it to [insert role] for approval. Once approved, the [insert role] will ask the staff member to order the item, using the Purchase Order number. When the invoice arrives, the [insert role (Head of Finance /Financial Director)] will review to ensure the Purchase Order numbers and other details match. All approved invoices will be entered into the organisation's accounting systems. Payments will then issue against the Creditors Ledger balances.
- 8.3. [Wages / salaries] will be paid [weekly / monthly] by [insert payment method].

### Cheques

- 8.4. Where the payment is to be made by cheque, the [financial administrator] should prepare a cheque for signing. Two authorised signatories are required to sign cheques. The signatories currently authorised by the [insert governance body] are: (insert names of people and job titles). The person requesting the funds should not be the person who approves the expenditure.
  - 8.4.1. In general, cheques will be paid [insert interval], and will be signed by a member of [insert governance body] at [insert interval / location]. Cheques will only be issued outside of this arrangement in exceptional circumstances.
  - 8.4.2. Cheques should only be forward signed by one signatory in the absence of another signatory in circumstances where both the payee and amount are filled in on the face of the cheque. Under no circumstances may a signatory sign a cheque which does not have both the amount and payee fields completed.

### Credit Cards

- 8.5. Any credit card the company issues to an employee must be used for business purposes only. Any employee with use of a company credit card is responsible for its use.
- 8.6. The [insert governance body] must approve the issue of all credit cards including the specification of which staff are authorised to use each credit card.
- 8.7. A set limit must be placed upon any issued credit card limiting expenditure to €\_\_\_\_\_.
- 8.8. The organisation will discharge all liabilities incurred by credit card spending in such a way as to avoid incurring interest payable on purchases. Unless otherwise required, payments should be paid off from the [insert bank account] monthly by direct debit.

### Electronic Payments/Transfers

- 8.9. Where payments or transfers are made electronically protocols should be established with the bank to ensure that all payments are authorised by at least two signatories authorised by the [insert governance body]. These should be the same individuals as listed at section 8.4
- 8.10. Two authorised signatories are required to add any third party to the organisation's online banking or electronic payments systems.
- 8.11. The setting up or amendment of any direct debits or standing orders must be authorised by at least two signatories authorised by the [insert governance body].
- 8.12. [elaborate and amend in accordance with organisation's bank's online banking facilities in order to ensure sufficient controls for online banking]

### Expenses

- 8.13. Pre-approved expenditure not paid out of petty cash (see 8.14 to 8.16) will be paid by [insert method] to the staff member incurring the expense, upon production of a receipt which is signed off by [insert role].
- 8.14. Expenses not paid out of petty cash will not be reimbursed to staff without prior approval by [insert role].
- 8.15. Unreceipted expenditure will not be reimbursed unless:
  - 8.15.1. There are exceptional circumstances
  - 8.15.2. Reimbursement is agreed by [insert role]

### Petty Cash

- 8.16. The organisation will operate a Petty Cash System. Further petty cash will only issue for receipts returned.

8.17. Petty cash may be used for the following expenses. Expenses outside this list require approval by the project coordinator or administrator.

- 8.17.1. travel by public transport
- 8.17.2. travel by taxi, when other options are not available (taxi travel must be preapproved by the manager).
- 8.17.3. service user related expenses, no more than €10 in one week/fortnight per service user. It is not expected that this will be made every week, but rather will be used for emergencies or unexpected expenses. Any expenses over this amount require approval by [insert role].
- 8.17.4. tea /coffee and costs associated with meeting service users in cafes etc.
- 8.17.5. refreshments for specific project related meetings
- 8.17.6. supplies for outreach
- 8.17.7. phone costs (see 8.16 below)

8.18. It is important to retain receipts. Staff members incurring petty cash expenditure should be aware that unreceipted expenditure will not be reimbursed except in exceptional circumstances.

## 9. Expense Authorisation Limits:

9.1. The following roles can authorise expenditure to the identified amount.

9.1.1.1.	Project Administrator	-	€1000
9.1.1.2.	Administrator	-	€1000
9.1.1.3.	Treasurer / Chair	-	€3000
9.1.1.4.	Counter approval is required for sums over €3000. See also the Procurement Policy.		

## 10. Keeping Accounts

10.1. Accounts are computerised using TAS Books and all income and expenditure is recorded to meet the reporting requirements of funders and the [insert governance body], and are kept in accordance with established accounting principles.

10.2. Salaries are calculated and managed using Thesaurus.

10.3. Accounts are:

- 10.3.1. backed up weekly
- 10.3.2. password protected, or, where there are hard copies these are kept in a locked filing cabinet. See Data Protection Policy for details on password protection.
- 10.3.3. traceable from source documentation
- 10.3.4. A chart of accounts should be maintained and available to all users of the financial system. This chart of accounts should detail all nominal costs and cost centres.
- 10.3.5. Notes on calculations for apportioning costs between cost centres should be maintained.

10.4. Income

- 10.4.1. When income is received, it should be entered onto the HSE account , and given a unique identifier (such as a cheque number, or donor ID). It should be lodged to [insert bank account] as soon as possible. The same identifier should be used at the bank, to assist with reconciliation.
- 10.4.2. Income as recorded on [insert system] should be reconciled with the bank statement on a monthly basis. It is the responsibility of the [insert role] to ensure this is done.
- 10.4.3. Bank statements should be acquired monthly (preferable at the beginning of the month). Any interest paid or received should be recorded on the [insert system].

10.5. Expenditure

- 10.5.1. All expenditure should be made from the relevant account (1) HSE, (2) DSP (3) Account No. 3 (NUIM Fees Account).
- 10.5.2. Cheques are to be recorded sequentially (and by cheque number) on the [insert system]. Cancelled cheques must be retained and documented so that it's clear what happened to them.

- 10.5.3. Expenditure by other means (e.g. standing orders, direct debits) must be recorded on the TAS system, and reconciled with the monthly bank statement.

## 11. Task Breakdown

### 11.1. Separation of duties

- 11.1.1. The roles, responsibilities, duties and tasks of all personnel involved in financial matters should be separated in order to reduce the risk of fraud or error. The following separation of duties should be maintained at all time;
  - 11.1.1.1. The individual authorising a purchase or payment should not be the same person who requests the purchase or payment.
  - 11.1.1.2. The individual approving expenses should not be the same person who claims the expenses.
  - 11.1.1.3. The individual approving the reconciliation of petty cash should not be the person responsible for managing the petty cash float.
  - 11.1.1.4. The individual preparing or amending payroll details should not be the same person who authorises the payroll.
  - 11.1.1.5. All cheques, electronic transfers or other methods of payments should be signed by two authorised bank signatories.
  - 11.1.1.6. An authorising bank signatory should never sign or authorise a payment that is payable to them, this should be done by two different authorised signatories.
  - 11.1.1.7. Cash should be counted in the presence of two people. At least one of these two people should not be the person responsible for collecting the cash for the organisation.
  - 11.1.1.8. An individual should not be the sole person in the organisation reviewing their own work.
  - 11.1.1.9. An individual should not be the sole person in the organisation authorising any finance action that has been requested or recommended by them.
  - 11.1.1.10. All authorisations or reviews of financial matters should be carried out by at least one individual who is senior in the organisation to the person requesting or preparing the action.
- 11.1.2. The above is not an exhaustive list of steps to be taken to maintain the separation of duties. Any deviation from either these specific separations of duties or the general principle of the separation of duties should be notified to the Audit and Finance Subcommittee. Similarly any doubt concerning an issue of separation of duties should be referred to the Audit and Finance Subcommittee.

### 11.2. Administrator

- 11.2.1. Complete income and expenditure entries on the TAS for the previous month and reconcile to bank. A separate reconciliation should be performed for each bank account.
- 11.2.2. Enter income and expenditure items for the current month onto the [insert system] as appropriate.
- 11.2.3. Maintaining adequate petty cash records
- 11.2.4. Lodge monies to bank as appropriate
- 11.2.5. Prepare cheques for payment as appropriate
- 11.2.6. Prepare reports for management as required
- 11.2.7. Prepare returns for the collector general
- 11.2.8. Prepare payroll calculations

### 11.3. Treasurer

- 11.3.1. Supervise the work of the administrator and provide support as needed.
- 11.3.2. Review all bank and petty cash reconciliations monthly
- 11.3.3. Review all wages / salary payments prior to each payroll run
- 11.3.4. Prepare a management report for the [insert governance body] detailing any areas where there is deviation from the forecast budget, and any other financial concerns.
- 11.3.5. Conduct a cash flow analysis for the coming month to ensure projected funds available will cover projected expenditure.

#### 11.4. Treasurer

- 11.4.1. Review all financial reports monthly
- 11.4.2. Chair a quarterly meeting of the finance subcommittee which comprises [insert roles]. The finance subcommittee should concern itself with quarter to quarter budgetary and financial matters.

### 12. Retention of Financial Documentation

- 12.1. Accounting records should be held for a period of 7 years. This includes: all invoices, receipts, and other documentation relating to expenditure, documentation relating to income, documentation in relation to payments to employees and trainees. Files will also include budgets, accounts returned, tax returns, payroll, legal documentation, audits, financial policies, procedures and amendments, and general correspondences on finance.

### 13. Financial Oversight and Control

- 13.1. There will be a Finance and Audit Subcommittee of the Board which comprises the Treasurer, the project coordinator and the administrator as well as one or two other trustees will meet quarterly after the close of each financial quarter. The purpose of these meetings will be:
  - 13.1.1. To review the previous quarter's activity
  - 13.1.2. To consider and decide on any adjustments required for the coming quarter
  - 13.1.3. To consider any broader strategic issues with regard to finance
  - 13.1.4. The role of the Finance and Audit Subcommittee includes to:
    - 13.1.5. Agree the annual budget with the treasurer before it is submitted to the board for approval.
    - 13.1.6. Agree budget changes with the treasurer before they are submitted to the board for approval.
    - 13.1.7. Review new organisational policies or changes to organisational policies before they are submitted to the board for approval.
    - 13.1.8. Maintain a Risk Register to track the strategic risks of the organisation for review and consideration by the board.
- 13.2. The Treasurer should meet every two months with the project coordinator/administrator and should have oversight of:
  - 13.2.1. Petty cash
  - 13.2.2. Staff Expenses
  - 13.2.3. Bank reconciliations

### 14. Budget Approval

- 14.1. The project coordinator and administrator will complete, and present to the board a budget estimate for the coming year by November/ December each year. The preparation of the budget estimation is the responsibility of the administrator and project coordinator.
- 14.2. Any adjustments must be made as required by the project coordinator and a final budget should be approved by the board in December (or as soon as funding allocation is known).

