

Financial Policies and Procedures

1. Policy Statement:

- 1.1 Localise 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 Localise and all members of the Board

4 Glossary of Terms and Definitions

- 4.1 Localise uses a tailor made Excel based spreadsheet package, which includes bank reconciliation, invoice records and cheques and payments journal.
4.2 Localise uses Thesaurus payroll package

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 Board 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 Board on a periodic basis as defined by the Board, 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.

5. Roles and Responsibilities

- 6.1 The Board 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 Administrator in conjunction with the Director is responsible for day to day financial management, including ensuring that:

- 6.2.1 The Board 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 Board in the yearly budget and to notify the Board 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:
 - 6.1.5.1 a fixed asset register
 - 6.1.5.2 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 Board 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 Board who has experience in managing finance matters in an organisation of comparable size to the organisation.
- 6.5 The Administrator and Director should oversee the annual audit process and be responsible for liaising with the organisation's auditor in this regard.
- 6.6 The 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 the Board as requested by the Director or Treasurer
 - 6.6.7 Preparing all necessary documentation for audit, under the guidance of the Board Treasurer
 - 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 Localise currently banks with Allied Irish Bank, Terenure Road, Rathgar, Dublin 6.
- 7.2 The organisation currently holds the following bank accounts:
Localise Youth and Community Service, A/C No: 15637002 Main Current Account
- 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. Bank Accounts and Financial Support Details

- 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 Chris Kavanagh, Business Customer Advisor
- 7.6 The organisation's auditor is currently Regan & Co., 7 Bridgecourt Office Park, Walkinstown Avenue, Dublin 12. Each year in advance of the AGM the Finance and Audit Subcommittee will consider the incumbent auditor and will make a recommendation to the Board 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 Salaries will be paid monthly by electronic transfer.

Cheques

- 8.3 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 Board are: Sean Jevens, Chairperson and Derek Cleary, Director. The person requesting the funds should not be the person who approves the expenditure.

Credit Cards

- 8.4 There is only one company credit card which is held by the financial administrator and only issued to staff for authorised requests by the Director.
- 8.5 A set limit must be placed upon any issued credit card limiting expenditure to €5000.
- 8.6 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 Current Account monthly by direct debit.

Electronic Payments/Transfers

- 8.7 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 Board. These should be the same individuals as listed at section 8.3
- 8.8 Two authorised signatories are required to add any third party to the organisation's online banking or electronic payments systems.
- 8.9 The setting up or amendment of any direct debits or standing orders must be authorised by at least two signatories authorised by the Board.
- 8.10 IBB Digipass Service with use of two digipasses, one controlled by Financial Administrator, one by Director.

Expenses

- 8.11 Pre-approved expenditure not paid out of petty cash (see 8.14 to 8.16) will be paid by electronic transfer to the staff member incurring the expense, upon production of a receipt which is signed off by Director, as part of the motor and travel subsistence expenses.
- 8.12 Expenses not paid out of petty cash will not be reimbursed to staff without prior approval by Director.

- 8.13 Unreceipted expenditure will not be reimbursed unless:
 - 8.13.1 There are exceptional circumstances
 - 8.13.2 Reimbursement is agreed by Financial Administrator/Director

Petty Cash

- 8.14 The organisation only operates a very limited office petty cash system directly managed by the Financial Administrator.

9. Expense Authorisation Limits

- 9.1 The financial administrator and Director authorise all expenditure under €1000. Expenditure over € 1000 must be authorised by the board.

10. Keeping Accounts

- 10.1 Accounts are computerised using a tailor made Excel based spreadsheet package and all income and expenditure is recorded to meet the reporting requirements of funders and the Board, and are kept in accordance with established accounting principles.
- 10.2 Salaries are calculated and managed using the Thesaurus payroll package
- 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.
 - 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 tailor made Excel based spreadsheet package, and given a unique identifier (such as a cheque number, or donor ID). It should be lodged to Current 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 the tailor made Excel based spreadsheet package should be reconciled with the bank statement on a monthly basis. It is the responsibility of the Financial Administrator to ensure this is done.
 - 10.4.3 Bank statements should be acquired quarterly. Any interest paid or received should be recorded on the tailor made Excel based spreadsheet package
- 10.5 Expenditure
 - 10.5.1 All expenditure should be made from the Current Account.
 - 10.5.2 Cheques are to be recorded sequentially (and by cheque number) on the tailor made Excel based spreadsheet package 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 tailor made Excel based spreadsheet package 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 The Financial Administrator:
- 11.2.1 Complete income and expenditure entries on the tailor made Excel based spreadsheet package 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 tailor made Excel based spreadsheet package 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 Director
- 11.3.1 Supervise the work of the administrator and provide support as needed.
 - 11.3.2 Review all bank and petty cash reconciliations quarterly
 - 11.3.3 Review all wages / salary payments prior to each payroll run
 - 11.3.4 Prepare a management report for the Board detailing any areas where there is deviation from the forecast budget, and any other financial concerns.
- 11.4 Treasurer
- 11.4.1 Review all financial reports quarterly
 - 11.4.2 Chair a quarterly meeting of the finance subcommittee which comprises Financial Administrator, Treasurer, Director and one other Board Member. The

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 Director, the Treasurer, the Chairperson, the Financial Administrator and one other Board member, who 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 quarterly with the Financial Administrator and should have oversight of:
- 13.1.2 Staff Expenses
 - 13.1.3 Bank reconciliations

14. Budget Approval

- 14.1 Budgets are made in accordance with the relevant funding body, ie Department of Children Equality, Disability, Integration and Youth and then presented to the Board.