



**SOCIAL CARE ASSOCIATION OF IRELAND
COMPANY LIMITED BY GUARANTEE**

**FINANCE POLICY
& PROCEDURES**

As approved and adopted by the Board on the of

LAST UPDATED:

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INTRODUCTION

Governance refers to how a charity is run, directed and controlled, and is concerned with the systems and processes for ensuring its overall direction, effectiveness, supervision and accountability.

Good governance practice requires policies and procedures to be in place to ensure that Social Care Ireland (“the Company”) is run effectively, adheres to regulatory and legal requirements and performs to the highest sectoral and best practice standards, providing confidence to all stakeholders. The Board of Directors (“the Board”) has the ultimate responsibility to ensure good governance practice is applied throughout the Company.

The purpose of this Finance Policy and Procedures is to set down the principles and ground rules on all aspects of the Company’s financial management and control. The scope of this policy document is to encompass all financial management systems and control procedures that are in operation in the Company.

The overall responsibility for effective governance and the implementation of proper financial management rests with the Board but may well involve all staff members, whether paid or volunteers. It is essential that the Board has a good knowledge and understanding of the Company and its finances so that, as far as possible, the continued viability of the Company and its charitable activities can be assured, with the needs of beneficiaries being met. With proper financial controls and procedures in place, the Board should be able to identify financial risks and plan for their management at an early stage. These will enable the Board to be fully aware of the Company’s overall financial position now and in the future.

FINANCIAL MANAGEMENT AND CONTROL - MANAGING THE COMPANY’S RESOURCES RESPONSIBLY

The Board’s main legal responsibilities can be summarised as follows:

- Comply with the Company’s governing document and the law
- Ensure the Company is carrying out its purposes for the public benefit
- Act in the Company’s best interests
- Manage the Company’s resources responsibly
- Act with reasonable care and skill
- Ensure the Company is accountable

The Board must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. The Board must:

- Make sure the Company’s assets are only used to support or carry out its purposes
- Avoid exposing the Company’s assets, beneficiaries or reputation to undue risk
- Not over-commit the Company
- Take special care when investing or borrowing
- Comply with any restrictions on spending funds or selling land

KEY ELEMENTS OF EFFECTIVE MANAGEMENT AND FINANCIAL CONTROL

The Board will ensure that all money and resources are properly used, managed and accounted for. In order to be accountable, suitable systems must be in place and kept up to date. The Board should:

- ensure that they have robust and effective financial controls in place, with clear policies and procedures to deal with, for example, income and expenditure and protecting the Company from financial crime such as theft or fraud
- consider budgets and monitor actual results as the year progresses against budget
- plan and monitor its income and outgoings so that it can meet its short, medium and long term goals
- analyse the Company's sources of income and expenditure, avoiding over-dependence on any one source, if possible, and ensuring that its income generation is on target, complies with the law and does not expose the Company to undue risk
- ensure that they have robust Risk and Reserves policies in place, reviewing regularly
- ensure the establishment of proper management and control procedures - where it holds investments - and ensuring it meets its legal requirements
- protect the Company's assets and resources by acquiring relevant insurance against any potential loss, damage or liability
- establish appropriate safeguards for funds, assets and staff if the Company operates outside of Ireland
- oversee the proper and effective management of the Company's property (land and buildings)
- establish systems to ensure that the Company follows good practice in all aspects of fundraising - where the Company fundraises - and complies with any legal requirements
- oversee the effective use of staff and volunteer resources to enable the Company meet its charitable aims
- have access to independent professional advice, when necessary

The Board regularly assesses and monitors the overall financial position of the Company and takes steps to ensure that its funds can continue to be used for the purposes for which they were given. Board meetings are held on a regular basis at which finance is a standing item and financial reports, management accounts, budgets, financial projections and updates are provided. The Trustees, as a Board, are collectively responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations.

BOARD COMMITTEE

The Board has established a Committee for Finance Oversight with Terms of Reference, which oversees the Company's financial control and fulfils a number of financial oversight obligations.

TREASURER

Additionally, the Treasurer where appropriate, manages and controls all financial aspects of the Company.

2. General Principles

SCOPE

The purpose of this document is to set down principles and ground rules on all aspects of Social Care Ireland's financial management and control. The scope of this policy document is to encompass all financial management systems and control procedures that are in operation in Social Care Ireland.

RESPONSIBILITY

The Chairperson with the support of the Treasurer, is responsible to the Board of Directors for ensuring that this policy is adhered to in both spirit and fact. All other staff and volunteers are expected to cooperate in this process, with the Finance Oversight committee playing a particularly key role.

MEASURES

The procedures laid out below list the measures which must be taken to implement the policy.

TRAINING AND INSTRUCTION

Social Care Ireland commits to providing or organising training or instruction to staff to facilitate implementation of this policy and these procedures. The Treasurer must put a structure in place through the medium of management and training, to ensure that all staff and volunteers are aware of their responsibilities in terms of compliance with this financial policy.

EVALUATION AND REVIEW

Constructive feedback on this document is always welcome. It should be given to the Treasurer, who will ensure that the Finance Oversight committee considers it. The Finance Oversight committee will review the policy and procedures annually or as appropriate, to ensure that Social Care Ireland complies with any new legislation or regulation and that best practice standards are maintained.

3. Expenditure

The authorisation of financial expenditure should be considered in two parts:

1. Authorisation to incur a liability.
2. Authorisation of payments i.e. authorising the actual payment to satisfy a liability.

EXPENDITURE APPROVAL

- All expenditure approval must be in writing.
- Budgeted expenditure of amounts up to €1,000 may be approved by the Treasurer.
- The Treasurer will approve invoices from €1,000- €5,000 or as appropriate.
- The Treasurer may approve invoices from €5,000-€10,000 or as appropriate.
- The Treasurer must approve all budgeted expenditure over this amount.

- The Treasurer may approve non-budgeted expenditure of amounts up to €10,000 or as appropriate.
- The Board must approve all non-budgeted expenditure over €10,000 or as appropriate.
- All initial contracts for services must be approved and signed by the Treasurer.
- Only the Finance committee has access to computerised payroll records.
- The Finance committee maintains complete and accurate records on the payroll software for Social Care Ireland’s core staff team. This includes:
 1. Staff personal details, gross monthly salary and appropriate tax codes.
 2. Up to date government legislation.
 3. Details of leavers, eligibility for tax credits.
- On the Treasurer’s approval, the monthly gross salary amounts are entered into the computerised payroll software. These amounts cannot be altered without written instruction from the Treasurer. The Treasurer reviews each monthly payroll calculation for reasonableness before authorising payments.
- The Treasurer should review the Gross Wages and Salaries report every 3 months to perform an analytical review of these costs compared to budgets.

TENDERING/QUOTATIONS

- A minimum of two quotes must be sought for any expenditure on services or goods exceeding €1,000.
- Any expenditure on services or goods exceeding €5,000 (including VAT) should be put out to tender, where possible.
- Sufficient information should be given to potential suppliers for them to give a precise tender/quotation.
- Criteria such as delivery lead-in time, quality of service, and guarantee, as well as price, should be taken into account before a supplier or contractor is chosen.

PURCHASE INVOICE APPROVAL

- Purchase orders should be raised for all expenditure. Purchase orders should be signed by the staff member requesting the expenditure and approved and signed off by the appropriate level of management according to the authorisation levels outlined above.
- Invoices should be matched with purchase orders where appropriate. The purchase order should be attached to the invoice, checked and initialled by the person who made the order.
- All invoices must be formally approved and initialled by the person with authority to approve the expenditure.
- Invoices may not be approved by the person/organisation receiving the money. All intercompany receipts and payments must be approved by the Treasurer.
- At month end, known commitments should be reviewed and any outstanding invoices recorded.
- For prepayments (for example, deposits for venues) a pro forma invoice or request for payment should be received and subjected to the same approval procedures as other invoices. At month end, prepayments should be recorded by accounts administration.

PURCHASE INVOICE PAYMENT

- No payments must be made without original documentation to back up the expenditure.
- Payments may not be authorised by the person/organisation receiving the money.
- Purchase invoices should be entered into accounting software within 5 days of receipt.
- Purchase invoices should be approved and paid within 31 days, except when invoices miss a payment run; this is the only credit available, except in special circumstances.
- Purchase invoices should be paid online where possible, or as appropriate.
- Any first-time online payments of invoices must be pre-approved by the Treasurer.
- Payments to the Revenue Commissioners should be approved by the Finance Oversight committee or designate and paid online through ROS.
- All cheques must be restrictively crossed.
- Payments must be signed by two listed signatories.
- Payments over €10,000 must be paid online or as appropriate.
- Cheque books should be kept under lock and key.

AUTHORISATION OF PAYMENT

CHEQUE PAYMENT AND CHEQUE SIGNATURES

- Cheques are prepared for payment by the Finance Oversight committee and crossed a/c payee only.
- The signatories must have sight of the original invoice/documentation when they sign payments.
- Voided cheques are stamped “VOID” and are retained and filed with the Bank statements.

BUSINESS BANKING ONLINE PAYMENT AUTHORISATION

Social Care Ireland uses a Banking online system. Access to the system requires the input of an appropriate security password. The Finance Oversight Committee should have the following authorisation level:

1. View balances and statements
2. Search for cheques and input payment details
3. Create and process third party payment, bank transfer and direct pay.
4. Set up and authorise beneficiary details
5. Authorise EFT/BACS files
6. Authorise payment instruction
7. Cancel Standing order
8. Cancel payment instruction
9. Cheque search

If payments are created by one of the online authorities, approval must be by the other authority.

The electronic banking system produces an activity log which should be printed out after each payment run and signed by the Finance Oversight committee or designate.

ROS PAYMENT

Revenue returns (P35, P30) are prepared by the Finance team, checked and authorised by and the Treasurer and paid through the Revenue Online System (ROS).

The Accounts Manager has exclusive access to ROS through the secure passwords.

The Accounts Manager files Revenue returns in ROS and processes payment.

ROS payment set up as Direct Debit from Social Care Ireland's appropriate account to the Revenue Commissioners Bank Account.

Please note that Revenue system contains sensitive data that should not be disclosed outside (employee's tax details, home addresses, PPS numbers ext.)

PURCHASE INVOICE FILING

- Purchase invoices must be referenced with number, date, checked and approved initials and cheque or payment number.
- On a monthly basis and before payment is authorised, the Finance Oversight committee processes invoices, checking for accuracy, completeness, relevance and timeliness. The person who approved the purchase invoice for payment should be one of the authorised signatures.
- Purchase invoices should be filed by pin number.
- Separate files should be maintained for all payroll records. All documentation, P60s and P35 end of year reports should all be kept on this file. PAYE/PRSI returns and Revenue Commissioners' receipts should be kept on the purchase invoices file.
- All salary and wage payments must be made via 3rd Party Transfer, except in very special circumstances (for example, a new employee without a bank account).
- Cheque numbers and dates (where cheques are used) should be noted on PAYE/PRSI returns and copy payslip.
- Files should be retained in the office until after the annual audit. They may then be archived and must be retained for a further 6 years.

STANDING ORDER, DIRECT DEBIT TRANSACTIONS

- All standing orders, direct debit transactions and the issuing of credit cards must be authorised by the 2 of the 3 cheque signatures
- Expenditure on the above should be approved in the same way as purchase invoices. This approval should be formally documented and credit card statements must be signed by the card holder.
- The approval forms should be filed in the accounts section.
- An individual's contact and credit card details can be held for 45 days from the transaction.

CREDIT CARD TRANSACTIONS

- All credit card spend must be pre-approved by a higher level of authority.
- All receipts, invoices and back up documentation must be initialled by a Manager

- separate to who processed the transaction and attached to the pre approval document.
- All back up documentation referred to above must be kept on file and made available to the Finance Oversight committee.
 - Reconciliation of credit card statements must be performed on a weekly basis where possible and at the very minimum on a monthly basis.

BOARD MEMBERS EXPENSES

Social Care Ireland will reimburse all approved and reasonable expenditure incurred in undertaking Social Care Ireland duties as a Board Member. The guidelines enable controlled reimbursement to take place and indicate the evidence and the authorisation required.

The objectives of Social Care Ireland in relation to this area are to:

- control costs
- prevent fraud
- ensure that Social Care Ireland complies with its tax and legal obligations.
- provide regular reimbursements to the Board Members as well as employees.

A Board Member may claim reimbursement for expenses incurred wholly, exclusively and necessarily in the performance of duties as a Board Member.

It is the Treasurer's responsibility to ensure that costs are controlled and that expenses are not extravagant.

All expense claims must be supported by original receipts, invoices or similar supporting documentations. Credit card items should be accompanied by an itemised receipt giving full details of VAT numbers and amounts.

In all cases, any Board member expenses claim to Social Care Ireland must be notified to the Treasurer and approved by the Chairperson of the Board in advance of the expenditure taking place. Out of pocket expenses incurred by the Chairperson must be notified to the Treasurer and approved by the Treasurer. These provisions apply to single or multiple items of expenditure.

Expense claims should be made monthly and will not be paid later than six months after the date of expenditure.

4. Income

PROCEDURES FOR INCOMING CASH AND CHEQUES BY POST

- The Treasurer or member of Finance Oversight committee must keep the original accompanying correspondence relating to finance on file.
- Records of all incoming cash and cheques should be put on the incoming post log book and posted to the accounting system within 5 days.
- The Treasurer or member of Finance Oversight committee must ensure that all income is logged in the receipts book manually as it comes in, or as appropriate. Details to be filled in the log are: date received, from whom, lodgement number, amount, cheque

number, method of payment and purpose of payment.

- All cash and cheque originals must be placed in the safe under lock and key.
- A receipt should be issued within two days of receipt of monies.
- The Treasurer or member of Finance Oversight committee must file correspondence under the correct category and then in date received order.
- Lodgements are made at least twice a week, or as appropriate.

5. Bank Accounts

BANK ACCOUNT RECORDS

- The Treasurer must keep a list of all bank accounts and signatories held by the organisation. **Signatures of two Company trustees are required on all bank accounts held by a charitable organisation.**
- No bank accounts may be opened in the name of individuals.
- Exchequer Accounts bank account records and reconciliations should be maintained for all accounts.

BANK STATEMENTS

- Bank statements should be obtained on a monthly basis.
- The items should be checked off against the income and expenditure records.
- Bank statements should be kept on a separate file. These should be filed in date/numerical order.
- Any item on the statement but not on the records (for example, bank charges) should be queried if necessary. It should be recorded only when Social Care Ireland is satisfied that it is a bona fide income or expenditure item.

BANK RECONCILIATION

- All bank accounts must be reconciled monthly except where there has been no activity on an account during that month.
- Bank reconciliation statements must show all unreconciled receipts and unreconciled payments.
- All bank reconciliation statements must be signed off by the Treasurer.

6. Human Resources and Payroll

NEW EMPLOYEES

- Employment contracts must be signed by the Treasurer and a Board member, or designate.
- The salary expenditure is determined by staff's contracts of employment. The Treasurer is informed of changes to each staff member's salary by the Treasurer subject to approval by the Board.
- Only the Finance Team has access to computerised payroll records through use of

secure passwords.

- The Treasurer or designate maintains complete and accurate records on the payroll software (as above). This includes:
 1. Staff personal details, gross monthly salary and appropriate tax codes.
 2. Up-to-date government legislation.
 3. Details of leavers, eligibility for tax credits.

7. Financial Reporting

MONTHLY REPORTING

- A monthly income and expenditure report should be prepared and provided to the Treasurer prior to being presented to the Board.
- All miscellaneous expenditure plus significant deviations from budget must be analysed.
- Management accounts should be presented to and approved by the Board on a quarterly basis.

BUDGETS

- Working annual budget, including balance sheet and cash flow prepared.
- The Board of Directors should formally approve the summary budget.
- As more information becomes available throughout the year, a forecast budget should be maintained and updated.

AUDITED ACCOUNTS

- Audited accounts should be prepared on an annual basis, considered by the Treasurer and the Finance Committee and presented to the Board for approval.
- Copies of the approved audited accounts should be sent to the Board with the notice and agenda for the AGM.
- The financial statements should be lodged with the Companies Office on an annual basis by the Annual Return Date, in line with company law.

SURPLUSES AND RESERVES

- The need for and building up of reserves forms part of Social Care Ireland's risk assessment strategy.

8. Asset Management

EQUIPMENT REGISTER

- An equipment register should be maintained and updated on an ongoing basis.
- The equipment register should be updated immediately for any disposals of fixed assets.

9. Insurance

A full review of the insurance policies in place should take place annually and signed off by the Board. This cover should include- but is not limited to - policies in the following areas:

- *Fixed Assets Insurance*
- *Fire Insurance*
- *Public Liability*

10. Risk Register

Social Care Ireland should complete a Risk Register, which would outline the 10 most serious risks facing the organisation. This register would identify action plans, internal controls and systems that are protecting the company against such risks. The register should assess how often the controls should be tested to ensure that they are operating to a satisfactory level.

Risk should be assessed across the following dials, including:

- Strategic
- Operational
- Financial
- Legal
- Governance
- Regulatory
- HR
- Environmental