
Financial Policy and Procedures

In line with NFR 01, 02, 06, 08
& 13

Dun Laoghaire Rathdown
Outreach Project

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1. Responsibility for approval of policy	Board of Management
2. Responsibility for implementation	Manager
3. Responsibility for ensuring review	Manager
4. Version	Version 3 June 2019 AC

1. Policy Statement

- 1.1. Dun Laoghaire Rathdown Outreach Project (DROP) 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. Purchase to payment and audit principles and procedures;
 - 3.1.3. All employees of DROP and all members of the Finance & Audit subcommittee and Board of Management;
 - 3.1.4. This policy should be read in conjunction with the Procurement Policy and other relevant policy documents as noted within this policy.

4. Glossary of Terms and Definitions

- 4.1. Accounts Ledger: this records all monthly incoming and outgoing transactions.
- 4.2. Audit Trail: a visible trail of evidence enabling a person to trace information in the financial statements or other information reported back to the original source document. For example, a purchase that is reported in the Annual Financial Statements (AFS) can be tracked back to the respective individual transactions, including supporting authorised Purchase Requisition or Order, Goods Received Note (& Proof of Delivery), invoice and payment details.
- 4.3. Bank Reconciliation Form: this is a tool for checking that the amount in the bank matches the information in the accounts ledger and the income and expenditure account.
- 4.4. Budget: This is the agreed projected spending for the year – all actual spending will be compared to this to ensure there is sufficient funding to cover costs.
- 4.5. EFT: Electronic Funds Transfer.
- 4.6. Income and Expenditure Account: This records the amount of income & expenditure going into and out of the organisation compared to budgetary targets. This will show whether actual spending is in accordance with projected spending as described in the budget.

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 Financial Administrator, Manager, members of the Finance & Audit subcommittee and the Board of Management to ensure transparent and secure systems and appropriate financial management.
- 5.3. Income and Expenditure accounts which highlight any deviation from projected spending will be presented to the Manager, Finance & Audit subcommittee and the Board of Management on a monthly basis.
- 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, , other EFT) payment methods that are the most efficient will be used.
- 5.6. Irrespective of the level of automation or complexity of the process, an Audit Trail must always be maintained.

6. Roles and Responsibilities

- 6.1. The Board of Management 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 Manager is responsible for day to day financial management, including ensuring that:
 - 6.2.1. The Board of Management 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 of Management in the yearly budget and to notify the Board of Management should there be any deviation from the agreed budget, as per 15.2.1.
 - 6.2.5. There is oversight of the audit process and monitor the administration of all financial processes and records.
 - 6.2.6. Ensuring that there are adequate checks on payroll/wages.
 - 6.2.7. The organisation's assets are safeguarded by the maintenance of:
 - 6.2.7.1. An accounting system managed by a suitably qualified and experienced financial administrator;
 - 6.2.7.2. Payroll software recognised by the Irish Payroll Association as compliant and up-to-date with statutory requirement;
 - 6.2.7.3. A fixed asset register.
- 6.3. The Treasurer has the role of guiding the finance strategy and financial procedures with the assistance of the Finance & Audit Subcommittee. The Treasurer has a further role to support the Manager carry out his/her responsibilities as set out in 6.2. The Treasurer should have experience of managing finance matters in an organisation of comparable size to the organisation.
- 6.4. The Finance & 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 and appropriateness of the organisation's financial management policies.
 - 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). Please refer to Whistleblower Policy.
 - 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 of Management then puts these recommendations to the members for their approval in a general meeting.
 - 6.4.8. The Finance & Audit Subcommittee should at least have one other member from the Board of Management who has experience in managing finance matters in an organisation of comparable size to the organisation.
- 6.5. The Financial Administrator is responsible for:
 - 6.5.1. Keeping all books of account and maintaining an accurate and complete set of accounting ledgers on the accounting system.
 - 6.5.2. Developing, maintaining & complying with appropriate financial controls.
 - 6.5.3. Preparing online payment of creditors in accordance with points 9 & 10.
 - 6.5.4. Carrying out payroll calculations, including calculation of returns to the revenue commissioners.

- 6.5.5. Maintaining a safe and secure filing system for financial information.
- 6.5.6. Preparing financial reports for Finance & Audit Subcommittee, Manager and funders as requested by the Manager/Board of Management.
- 6.5.7. Preparing all necessary documentation for audit, under the guidance of Manager and Finance & Audit Subcommittee and attending to all audit queries.
- 6.5.8. Assisting in the timely completion of audits and in the submission of audited returns to HSE & DSP.
- 6.6. All staff members are responsible for ensuring that they act in accordance with this policy.

7. Bank Accounts

- 7.1. DROP currently banks with Bank of Ireland in its Dun Laoghaire branch where all accounts are held in the name of Dun Laoghaire Rathdown Outreach Project.

- 7.2. The organisation currently holds the following bank accounts:

DROP BANK ACCOUNTS

Account Name	Account Number
Funding Account	20717850
DSP Account	93717659
Premises Account	20935751
Donations Account	82126466

- 7.3. Responsibility for authorising the opening of new bank accounts, closing bank accounts and decisions to change banks lies with the Board of Management.
- 7.4. The organisation will keep separate income and expenditure records for each bank account, and will reconcile each account separately.
- 7.5. Bank reconciliations will be prepared on a monthly basis for all bank accounts, the reconciliations will be prepared in accordance with best practise with reconciling items clearly itemised & appropriate reasons provided.
- 7.6. Bank reconciliations will be printed, approved in signature by the Manager and/or the Treasurer and kept in an easily locatable file.
- 7.7. All expenditure should be paid for through the bank account or the credit card account, there is no petty cash expenditure allowed.

8. Purchase to Pay

- 8.1. The staff member responsible for identifying and communicate needs for goods and services, and for the receiving of those goods and services must follow and comply with the Procurement Policy.

9. Payment Protocols

Payment Process – Purchase to Pay

- 9.1. Payment process is the release of payment, following receipt and matching of a payment request (usually an invoice) to what was ordered and satisfactorily received, thus being the final stage of the 'Purchase to Pay' process.
- 9.2. Upon proper sign-off of the satisfactory receipt of goods, services or works, the Financial Administrator should proceed with the payment, in accordance with agreed credit terms.
- 9.3. Payments will then be issued against the Creditors Ledger balances.
- 9.4. In general, where there is regular expenditure (such as for a utility provider) which can be paid by direct debit, these methods should be used.
- 9.5. Wages will be paid weekly/fortnightly by EFT.
- 9.6. Payment will require authorisation by both the Financial Administrator and the Manager.
- 9.7. To the extent that funds allow, all payments should be made in accordance with the credit terms of the suppliers or when they are due for payment.

- 9.8. By the time the purchasing and receipt stages have been properly completed, DROP has:
 - 9.8.1. Identified need and appropriate supplier via the Standard Requisition Form
 - 9.8.2. Approved expenditure through the appropriate channels within the Standard Requisition Form
 - 9.8.3. Signed off on satisfactory receipt of order being achieved and payment is in order once all processes have been completed within purchase to pay (This will ensure that any mis-match between the information of the Standard Requisition Form and goods received is quickly identified and resolved.)
- 9.9. The control issues at payment stage are around confirming that the above have taken place and that the payment request (usually an invoice) agrees with same, particularly in terms of price
- 9.10. The standard means of requesting a supplier to provide goods or services is by issuing an invitation to quote followed by internal completion of the Standard Requisition Form and then confirmation to the supplier of intention to proceed with the purchase. However, non-order payments can be made when:
 - 9.10.1. A specific contract is in place for the ongoing receipt of a service, for example, utility bills, as per 9.4.
 - 9.10.2. They relate to internal payments, for example, pay over of payroll deductions and payments to staff (including expenses).
 - 9.10.3. Where it is not practical, material or useful to complete a Standard Requisition form and complete process of written confirmation in advance of the service being provided or invoiced for, including Taxi Services, Courier Services and Emergency call outs.

Electronic Payments/Transfers

- 9.14 Where payments or transfers are made electronically, the payment platform (Banking-On-Line) will ensure that all payments are authorised by at least two signatories authorised by the Board of Management.
- 9.15 Two authorised signatories are required to add any third party beneficiary to the organisations online banking or electronic payments system. One of which will be the Financial Administrator.
- 9.16 The setting up or amendment of any direct debits or standing orders must be authorised by at least two signatories authorised by the Board of Management.

Cheques

- 9.17 Cheque payments are made in the rare event when electronic payments are not possible for whatever reason and a reason for the cheque payment should be made in the cheque book.
- 9.18 Payment protocols are to be applied to cheque payments in the same way as for EFT's.
- 9.19 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 of Management are: Ciaran Walsh (Treasurer), Cian Ó Lonargáin (Chairperson), Eileen Ryder & Anthea Carry (Manager).
 - 9.19.1 In general, cheques will be paid monthly in accordance with the payment cycle. Cheques will only be issued outside of this arrangement in exceptional circumstances.
 - 9.19.2 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.
- 9.20 Cheques are recorded sequentially (by cheque number) on the accounts ledger. Cancelled cheques must be retained and documented so that it's clear what happened to them.

Credit Cards

- 9.21 Only the very minimum number of credit cards should be in use in the organisation and that is currently 1 which is held by the Manager and can be accessed by both Manager and the Financial Administrator in the Manager's absence.
- 9.22 The Board of Management must approve the issue of all credit cards including the specification of which staff are authorised to use each credit card.

- 9.23 Any credit card the company issues to an employee must be used for business purposes only, especially for buying travel passes, as per article 10 of Travel and Subsistence Policy and Procedure. Any employee with use of a company credit card is responsible for its use.
- 9.24 A set limit must be placed upon any issued credit card limiting expenditure to €2000.
- 9.25 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 DROP Funding Account monthly by direct debit.
- 9.26 The purchase of alcohol, flowers and gifts from exchequer (HSE/DSP) funding is strictly forbidden.
- 9.27 Credit cards should be retrieved from staff when they are leaving the organisation and the card account closed and a new one opened.
- 9.28 Credit card statements should be checked by the Financial Administrator, authorised by the manager, approved by the Treasurer and properly supported by receipts.
- 9.29 Inappropriate credit card expenditure (not for the provision of services or items directly related to the provision of services) should be recouped.

10. Expenses

- 10.1 Pre-approved expenditure will be paid by electronic fund transfer to the staff member incurring the expense, upon production of a receipt which is signed off by the Manager.
- 10.2 All approved expenses can be claimed through the organisations expenses procedures. This would be completed monthly and returned to the Manager for authorisation. The Financial Administrator will not provide staff with expenses reimbursement without the Managers authorisation.
- 10.3 Mileage:
 - 10.4.1 Staff should check with their line manager before any journey to ensure approval. For further information please refer to Travel & Subsistence Policy.
 - 10.4.2 Car users must have their own indemnity insurance and provide DROP with confirmation of same. The required insurance for the transportation of service users, carers, family and members of the general public is fully comprehensive with business use cover.
- 10.4 Unreceipted expenditure will not be reimbursed unless:
 - 10.4.1 There are exceptional circumstances;
 - 10.4.2 Reimbursement is agreed by the Manager and the absence of receipt properly justified in writing.

11 Keeping Accounts

- 11.1 Accounts are computerised using Sage Line 50 with Microsoft Excel used for financial reporting purposes. All income and expenditure is recorded to meet the reporting requirements of funders and the Board of Management, and are kept in accordance with established accounting principles.
- 11.2 Salaries are calculated and managed using the Collsoft Payroll System.
- 11.3 Accounts are:
 - 11.3.1 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;
 - 11.3.2 Traceable from source documentation;
 - 11.3.3 Notes on calculations for apportioning costs between cost centres should be maintained.
- 11.4 Income
 - 11.4.1 When income is received, it should be entered onto the accounts ledger, and given a unique identifier (such as a cheque number, or donor ID). It should be lodged to the relevant bank account as soon as possible. The same identifier should be used at the bank, to assist with reconciliation.
 - 11.4.2 Income as recorded on income and expenditure sheet should be reconciled with the bank statement on a monthly basis. It is the responsibility of the Manager to ensure this is done.
 - 11.4.3 Income due from funders should be followed-up to help ensure timely cash receipts to meet outgoings.
 - 11.4.4 All income received or due to be received from whatever source must be recorded into the accounting system, under no circumstances should income go unrecorded in the accounting system.

11.5 Expenditure

- 11.5.1 All expenditure should be made from the appropriate fund bank account to which the expenditure relates.
- 11.5.2 In the event that expenditure is divided between funds, timely accounting allocation of the payment should be recorded.
- 11.5.3 All expenditure from whatever source must be recorded into the accounting system, under no circumstances should income go unrecorded in the accounting system.

12 Separation of duties:

- 12.1 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:
 - 12.1.1 The purchases or payments authorised by the same person whom requested the purchases or payments must be submitted monthly to the Treasurer for review as counter check;
 - 12.1.2 The individual approving expenses should not be the same person who claims the expenses;
 - 12.1.3 The individual preparing or amending payroll details should not be the same person who authorises the payroll;
 - 12.1.4 All cheques, electronic transfers or other methods of payments should be signed by two authorised bank signatories;
 - 12.1.5 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;
 - 12.1.6 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;
 - 12.1.7 An individual should not be the sole person in the organisation reviewing their own work;
 - 12.1.8 An individual should not be the sole person in the organisation authorising any finance action that has been requested or recommended by them;
 - 12.1.9 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;
 - 12.1.10 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 Finance, Quality Improvement & Risk Management subcommittee. Similarly any doubt concerning an issue of separation of duties should be referred to the Finance, Quality Improvement & Risk Management subcommittee.

13 Retention of Financial Documentation

- 13.1 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.

14 Auditing Principles and Procedures

- 14.1 The organisation's auditor is currently HSM Accountants. Each year in advance of the AGM the Finance, Audit & Risk Subcommittee will consider the incumbent auditor and will make a recommendation to the Board of Management as to whether the auditor should continue in place or not.
- 14.2 For the procurement of a new auditor, the tendering procedures must follow the directives of 8. The process for making a purchase, above.
- 14.3 When submitting the Annual Financial Statement to the external auditor, the Financial Administrator must ensure the application of the following principles:
 - 14.3.1 The funding is administered in accordance with good financial governance within our books and records;
 - 14.3.2 A transparent audit trail exists for all financial transactions, which allows for a separation of the funding under the HSE's Service Arrangement from other financial activities;

- 14.3.3 The funding is spent for the purposes intended and the related expenditure is capable of being vouched to original invoices, receipts and / or other relevant supporting documentation, as appropriate;
- 14.3.4 The public accountability requirements are fulfilled, e.g. with regard to tendering, tax clearance certificates and prompt payments legislation;
- 14.3.5 The principles as outlined in the Statement of Principles in DPER circular 13/2014, in relation to Clarity, Governance, Value for Money and Fairness are adhered to.
- 14.3.6 The Annual Financial Statement is in compliance with the Financial Report Standard 102 (FRS102).
- 14.4 In his/her report, the auditor is required to form an opinion on a number of matters including, for example whether the financial statements give a true and fair view and whether the financial statements are in agreement with the underlying accounting records.
- 14.5 The Annual Financial Statement should necessarily be sent for auditing by the second week of February each year, and the audit ought to be finished by the end of March, without delay.
- 14.6 The Annual Financial Monitoring Return (AFMR) should be completed and signed by the Treasurer and the Manager, and should be included with the Annual Financial Statement, for submission of audited returns to HSE & DSP.
- 14.7 The audited accounts together with the AFMR should be available within five months of the year end and, once available should be returned to the HSE. The audited accounts should be filed with the CRO and published on to our website.
- 14.8 The external and internal auditors of the Health Service Executive have the right to unrestricted access to all premises, vouchers, documents, books of account, and computer data and to any other information which they consider relevant to their enquiries and which is necessary to fulfil their responsibilities. Both internal and external auditors also have the right to verify assets and the right of direct access to the Manager and Financial Administrator.
- 14.9 Sample checks by auditors may take place at regular intervals in each financial year.
 - 14.9.1 Checking of cash and bank accounts by the Auditors may take place at regular intervals and on unscheduled dates as part of unannounced inspections, in each financial year and in accordance with best practice auditors checking cash balances should do so in the presence of a responsible officer.
- 14.10 Where any irregularities are disclosed at the checking of the accounts, the internal/external Auditor shall report such irregularities to the Treasurer, who shall cause a full investigation to be made and shall take all necessary action.
- 14.11 The documentation to be presented for audit by the HSE should include, at a minimum:

Fixed Assets

- 14.11.1 Have available a comprehensive Fixed Assets Register, with schedules;
- 14.11.2 Reconciliation of the Fixed Asset Register with the Statement of Financial Position;
- 14.11.3 List of additions by category. Have available copies of supporting documentation for material additions;
- 14.11.4 List of disposals by category (incl. original costs, accumulated depreciation, profit / loss on disposal);
- 14.11.5 Provide copies of supporting documentation for the material disposals;
- 14.11.6 List of items scrapped or written off, together with value at that date and related approvals and explanations;
- 14.11.7 List of Leased assets – both operating and finance;
- 14.11.8 List of Lease Commitments – both operating and finance;

15 Financial Oversight and Control

- 15.1 There is a Finance, Quality Improvement & Risk Management Subcommittee of the Board which comprises the Treasurer, the Manager and the Financial Administrator as well as one or two other trustees who meet bi-monthly. The purpose of these meetings will be:
 - 15.1.1 To review the previous 2 months activity;
 - 15.1.2 To consider and decide on any adjustments required for the coming two months;
 - 15.1.3 To consider any broader strategic issues with regard to finance.

- 15.2 The role of the Finance, Quality Improvement & Risk Management Subcommittee includes to:
- 15.2.1 Agree the annual budget with the treasurer before it is submitted to the board for approval;
 - 15.2.2 Agree budget changes with the treasurer before they are submitted to the board for approval;
 - 15.2.3 Review new organisational policies or changes to organisational policies before they are submitted to the board for approval;
 - 15.2.4 Maintain a Fixed Assets Risk Register for the organisation for review and consideration by the board.
- 15.3 The Treasurer should meet every two months with the Manager/Financial Administrator and should have oversight of:
- 15.3.1 Credit Card;
 - 15.3.2 Staff Expenses;
 - 15.3.3 Bank reconciliations.

16 Budget Approval

- 16.1 The Financial Administrator will complete, and present to the Board of Management a budget estimate for the coming year by the last week of November each year. The preparation of the budget estimation is the responsibility of the Financial Administrator.
- 16.2 Any adjustments must be made as required by the Board of Management and a final budget should be approved by the Board of Management by December.

STANDARD REQUISITION FORM (for purchases up to €20,000)/N° XX/2018		
Purchaser Identification		
Specification of Goods/Services required (detailed information on the 'brief', as per 9.3)		
Purpose for which goods/services required Summarise what and why is needed (check goods in storage and existing contracts):		
Quotation and Evaluation		
The following suppliers were asked to quote:		
Date	Company/Contact Name/Contact Number	Price Quoted – Final Cost (VAT incl)
Supplier Selected (identification and address)		
Choice Reasoning Established criteria:		
Signed: _____ Date: _____		
Confirmation of Availability of Funds & Approval to Spend Financial Administrator:		
Signed: _____ Date: _____		
Expenditure Approval and Authorisation for Purchase		
Project Manager Approval (Up to € 2,000 only)		
Signed: _____ Date: _____		
Finance, Quality Improvement and Risk Management Sub-Committee Approval (Over € 2,000 only) At least two members must approve:		
Signed: _____ Date: _____		
Signed: _____ Date: _____		
Receiver Identification		
Acceptance of goods (subject to inspection) :		
Signed: _____ Date: _____		

Goods inspection

Make and record decision to sign off receipt (state the reasons):

Manager Approval:

Signed:

Date:

Expenditure against budget recording

Financial Administrator:

Signed:

Date:

