

Document 1.1 SUGGESTED GUIDELINES FOR PREPARING AN INTERNAL FINANCIAL PROCEDURES DOCUMENT

1. ORGANISATIONAL STRUCTURE

- ◆ Give a detailed overview of the organisation (an organisation chart should be included as an appendix). Outline the composition of the Board by stating who they represent.
- ◆ List any sub-committees reporting to the Board and state their function. This section should refer to terms of reference which were approved by the Board (name the dates of the relevant meetings).
- ◆ Outline the staff complement and detail the structure for reporting within the organisation.
- ◆ Document the reporting function between related companies, e.g. subsidiary company reporting to parent company.
- ◆ State whether the company is limited (specify date of incorporation) and whether charitable status has been obtained.
- ◆ Note the company's VAT registration details, where applicable.

2. ACCOUNTING RECORDS

- ◆ List all books and records maintained, including cheques journal, cash receipts book, petty cash book, asset register, etc. (templates of these records should be included as appendices to the procedures document). State whether they are to be maintained manually or on a computerised system. In the latter case, they should be printed at regular intervals and signed / dated, and computer disaster recovery procedures should be documented, i.e. procedures for regularly backing up computerised records, storing the copies in a remote location and provision for periodical testing of the back-ups.
- ◆ Specify who is responsible for the maintenance of the above records, and state how often they will be updated. Also, state who is responsible for liaising with auditors.
- ◆ State who is responsible for reviewing the accounting records, and how this review will be evidenced, i.e. by certifying the books and records at regular intervals.
- ◆ Outline the minimum retention period for all books and records and document the procedures for archiving same.

3. FINANCIAL RETURNS TO FUNDING PROVIDERS

- ◆ Name all providers of funding and state the purpose of the various grant income.
- ◆ Outline the procedures involved in reporting to these agencies. Give details of how often returns will be made (specify the deadlines), and state who will complete and review same. State the procedures for accounting for each source of funding separately, i.e. either by means of separate bank accounts, or through separate analysis within the accounting records.
- ◆ Document the rationale for apportioning any shared salary/wages and overhead costs.
- ◆ Document procedures regarding the treatment of reimbursable expenditure, e.g. salary recoupment, and non-Pobal receipts affecting Pobal related bank accounts. This policy must demonstrate that only the net costs will be included in the expenditure returns.

4. BANK / CASH AND STOCK CONTROL

- ◆ List all bank accounts maintained and outline the purpose of same.

- ◆ Name the cheque signatories (by reference to the bank mandates on file) and outline the procedures for signing cheques, i.e.
 - All cheques must be signed by a minimum of two people, including at least one Board member.
 - They must only be signed on foot of original supporting documentation, i.e. invoices and issued in numerical sequence.
 - The pre-signing of blank cheques is prohibited.
 - Cheques should not be made payable to cash (except for petty cash) and the signatories should not sign cheques payable to themselves.
- ◆ Outline the procedures for opening bank accounts, appointing cheque signatories, implementing borrowing arrangements. Note that these decisions should have been formally approved by the Board.
- ◆ State the frequency for preparing bank reconciliations, i.e. monthly (ensure they are prepared in respect of all accounts operated). A standard bank reconciliation template should be included as an appendix to the procedures document.
- ◆ Document the controls in place pertaining to online banking, including security arrangements (authorisation levels/ use of passwords) procedures for direct salary payments, account transfers, etc.
- ◆ Name the persons responsible for preparing and certifying/reviewing bank reconciliations.
- ◆ Detail the procedures for monitoring and cancelling stale cheques (i.e. cheques outstanding over 6 months), and for the retention of any spoiled cheques which have been written.
- ◆ Give a brief description for the format of the cheques journal and cash receipts books, and refer same to the relevant appendices.
- ◆ Outline the procedures for storing blank cheque stationery, i.e. safe, locked drawer, etc., and for the safekeeping of cash receipts prior to lodgement. State who is responsible for making lodgements and document the frequency of same.
- ◆ Document the controls in respect of income, e.g. reconciliation of till records to actual cash receipts/lodgements, procedures for investigating variances and reporting same to the Board, etc.
- ◆ State the frequency of lodging receipts to the bank.
- ◆ Document the controls in respect of stock, e.g. certified monthly stock takes, the reconciliation of stock taking records to the net stock movements per the accounting records, summary review of mark-up/gross profit percentages, variance analysis and investigation, procedures for reporting any discrepancies to the Board, etc.

5. FINANCIAL PROCEDURES

- ◆ Give details of the limits of authority of all staff and Board members.
- ◆ Detail the internal monitoring/review procedures in operation, and state who is responsible for same, e.g. finance sub-committee, treasurer, etc.
- ◆ State the procedures for implementing budgets, programmes of activities, etc. and for preparing regular management accounts for presentation to the Board.
- ◆ Outline the procedures for recording director's interests and for identifying and dealing with any potential conflicts of interest.
- ◆ Document the Board's policy for monitoring and following up outstanding debts, and for writing off bad debts, where applicable.

6. GENERAL PAYMENTS

- ◆ State the frequency of making cheque payments to suppliers, etc. (e.g. monthly).
- ◆ Document the procedures for complying with prompt payments legislation, i.e. recording the date of receipt of invoices, monitoring outstanding bills, etc.
- ◆ Document the authorisation limits for individual payments.
- ◆ Outline the procedures for evidencing approval for payments, e.g. by implementing a comprehensive cheque requisition form (include as an appendix). This form should document the relevant cheque number pertaining to paid invoices.
- ◆ Detail the Board's policy on obtaining quotations, e.g. for all goods and services over €3,000.
- ◆ Document the procedures for implementing contracts in respect of services, such as consultancy, training, etc. and for obtaining the tax reference numbers of payees.
- ◆ Give an outline of the system for filing paid invoices, i.e. on a central file in cheque numerical sequence.
- ◆ Document the procedures for monitoring cumulative payments and for obtaining tax clearance certificates for all suppliers who receive cumulative payments of €6,349 or more per annum.

7. SALARIES AND WAGES

- ◆ Document the procedures for recruiting staff (must be transparent).
- ◆ Give a brief overview of the payroll system and describe the records involved, e.g. time sheets/attendance records, tax deduction cards, payslips, etc. Name the persons responsible for maintaining and reviewing these records.
- ◆ Detail the procedures for approving staff appointments, and list the information for inclusion on personnel files, i.e. employment contracts, certification of increments, etc.
- ◆ Outline the procedures for implementing pay scales and awarding increments.
- ◆ State the frequency of salary payments, e.g. monthly.
- ◆ Detail the procedures for evidencing approval for salary payments, e.g. certification of payroll summary sheets (note that these documents should be retained on the central invoice file).
- ◆ Outline the procedures for making returns and payments to the Collector General, i.e. P.30s, P.35s, etc. and state how the total payments are apportioned between the various providers of funding.
- ◆ Document the Board's policies in relation to pension schemes, maternity leave, annual leave, sick leave (and the recoupment of Disability Benefit), etc.

8. TRAVEL AND SUBSISTENCE

- ◆ Specify the rates of travel and subsistence payable (detailed in an appendix). Note that where the mileage rates payable are incremental based on total distance travelled, cumulative mileage records must be maintained.
- ◆ Include a standard T&S claim form as an appendix to the procedures document.
- ◆ Document the bases of all staff members for T&S purposes.
- ◆ Document the frequency for the submission of T&S claims, i.e. monthly, and state the procedures for certifying same.
- ◆ Outline the procedures for indemnifying the organisation against any potential loss arising from the use of employees or directors cars on official business.
- ◆ Document the Board's policy in relation to the payment of same, and state whether the public service regulations have been adopted.

- ◆ Ensure that all paid T&S claims are included on the central invoice file.

9. PETTY CASH

- ◆ State the maximum amount of the float (e.g. €150) and give a brief description of the system of operating the petty cash, i.e. on an imprest basis. Name the persons responsible for maintaining and reviewing the petty cash records.
- ◆ Detail the system for reconciling the petty cash float, i.e. at regular intervals, and for filing petty cash vouchers.
- ◆ Give an outline of the type of expenses which are payable from the petty cash float, and state the maximum permissible payment, e.g. €50.

10. COMPANY SECRETARIAL AND EXTERNAL AUDIT

- ◆ Document who is responsible for:
 - The statutory returns to the Companies Registration Office and maintenance of the company register.
 - The maintenance of the Board minutes and sub-committee minutes (certified by the relevant Chairpersons).
 - Keeping a separate (summary) record of financial decisions taken.
 - The maintenance of an asset register (include template as an appendix to the procedures document).
- ◆ Note the quorum of directors which must be present for conducting valid Board meetings.
- ◆ Document the maximum intervals between company AGMs and note the procedures to be adopted at these meetings, i.e. approval of audited accounts, rotation of directors, etc.
- ◆ State who is responsible for preparing the draft financial statements of the company.
- ◆ Broadly define the role of the external auditor (as set out in detail in the letter of engagement).
- ◆ Name the person who is assigned overall responsibility for ensuring all audit recommendations are implemented.

11. GENERAL

- ◆ Document the Board's policy in relation to acknowledging the agencies who provide funding for the organisation and for meeting any publicity requirements as stipulated in the relevant contracts.
- ◆ State who is responsible for ensuring the organisation's insurance cover is sufficiently comprehensive, as well as the frequency for reviewing the adequacy of same.