



SiS Financial Control (Update July 2021)

Purpose of paper

1. *To meet governance requirements and permit the Board of Trustees (BoT) to review and approve the SiS financial control policies and procedures being managed on its behalf by the Treasurer*
2. *To provide a record of the detail to assist continuity in the event of a change of Treasurer or Trustee.*
3. *SiS has grown significantly during recent years and it is appropriate that the Treasurer should review past/current practice and document the current/future approach.*

1. Introduction

The Statutes impose an obligation upon the Trustees to manage/control the finances of the charity in such a manner as to ensure the financial health of the organisation and to minimise the risk of financial loss.

It therefore follows that there are two key complementary elements to financial control:

- i. Overall financial management/stewardship.
- ii. More detailed operational control over the receipts and payments processes.

It should be noted that there is a third element of financial control; responding to losses through error or theft. However this element is not covered in this paper.

2. Financial management/stewardship

2.1 Overall Policy/Objective

The BoT will determine the overall policy/objective.

At the time of preparing this document the policy/objective is as follows:

- I. To ensure ongoing financial security, SiS will maintain on deposit sufficient funds to cover at least 6 months ongoing operations. In any one financial year a budget will be prepared by the Treasurer and approved by the BoT to ensure that general operating costs are covered by revenue (i.e. a breakeven position). Exceptionally the budget may allow for a deficit to cover exceptional investment costs (e.g. new facilities, equipment, consulting etc)
- II. To record and manage the day to day financial activities, SiS will implement a single entry cash book system accounting for activities when they take place. Thus accruals and prepayments are not a requirement and all expenses are treated as a charge against revenue and written off as incurred.
- III. To accurately account for IVA which is payable on sales income, SiS will implement a policy which defines all income from shop sales as subject to IVA. However, all other income (from collection tins in the shop and income from events, sponsors etc) will be viewed as donations and not subject to IVA. Appropriate cashier and accounting procedures will be implemented.

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2.2 The Treasurer's role

The Treasurer is required to:

- a) Maintain a set of financial accounts detailing income (analysed between shop sales and donations) and expenditure; IVA due and reclaimable; and the balance/movements on the bank account(s). (This may be delegated at the discretion of the Treasurer - at the time of preparing this paper maintenance of the books and records is delegated to the Accountant (Debbie) based in Punta Prima.)
- b) The annual statement of accounts is to be independently audited by a qualified auditor prior to presentation to the Board of Trustees (BoT).
- c) Once reviewed and accepted by the BoT, the annual Statement of Accounts and the Auditor's Report will be incorporated into a report (the Treasurer's Report) to be presented to the Annual General Meeting of members.

Throughout each financial year (January - December) the Treasurer is required to prepare and to present to the BOT the following: (Preparation may be delegated to the Accountant at the discretion of the Treasurer)

- a. An annual Budget detailing the anticipated/planned income and expenditure for the following year. From 2018 onwards the budget/forecasts is to show the Trustee (and manager where appropriate) responsible for each cost category.
- b. A monthly Financial Highlights Report showing the overall income and expenditure during the past month and the movement/reconciliation in bank balances.
- c. A quarterly detailed Income & Expenditure Report.
- d. A quarterly Forecast of the anticipated position at the year end:

Forecast 1 in April as at the end of Quarter 1

Forecast 2 in July as at the end of Quarter 2

Forecast 3 in October as at the end of Quarter 3

The Treasurer controls the bank accounts which are to be under dual signature control in respect of payments. The Debit Card is to be held and managed by the Secretary.

2.3 The BOT and individual Trustees roles

As indicated at 2.1 above the BoT will approve a Budget and monitor financial performance through its review of regular monthly and quarterly reports submitted by the Treasurer.

SiS Standard Operating Procedure (para 15) permits the BOT to delegate to individual Trustees responsibility for control of costs relevant to their individual areas of responsibility. This allocation of responsibility is specified in the budget. In essence Trustees are required to authorise purchases and payments in accord with Para 15 Trustees:

- May be granted autonomy by the BOT to authorise purchases and payments of any amount in respect of specific projects or purposes within budget (e.g. refurbishment projects, marketing campaigns etc).

- Have autonomy to authorise other purchases and payments within budget up to a maximum of €500 without reference to the BOT. Any transactions above this value must be referred to the BOT for authorisation.
- May with reference to the Treasurer authorise purchases and payments outside budget up to a maximum of €200. Any transactions above this value must be referred to the BOT.

Individual Trustees may delegate aspects of this responsibility including purchase/payments (see 3.2 payments below) to members of their management team. Such delegation must be advised to the Treasurer and will be detailed in the budget/forecast reports which will identify both the overall Trustee responsibility and the manager.

2.4 The Treasury team role (re day to day financial control)

The Treasury Team comprises Accountant (currently Debbie) and Treasury Cashier (currently Les). As indicated earlier the accountant is responsible for maintaining the accounting records, maintaining and controlling IVA records, making/controlling bank payments and regular bank reconciliations. The Treasury Cashier is responsible for cash control in the branch and during events, bank deposits, petty cash management and management of collection tins. At the time of this update it has been decided that additional team member (Jan) should be appointed to provide cover for absences and succession.

3. Process Control

In a commercial business there are generally three basic elements:

- a) Income control
- b) Purchase and payments control
- c) Stock control

In a charity where stock is donated rather than purchased, control of stock to minimise loss relies on shop operating procedures rather than financial controls. These operating procedures are not included in this document

3.1 Income control

The objective is to minimise the risk that not all income, especially but not exclusively cash is banked. (Note the word ensure is not used!)

Income is received by way of:

- SALES in the charity shop (which are deposited in the TILL).
- DONATIONS(which are accounted for and banked separately)
 - donations made in the charity shop (Collection tins)
 - cash donations from events organised by supporters
 - collection tins from elsewhere - normally handed into the charity shop
 - cash donations from SiS events
 - inter-bank transfer directly into the SiS bank accounts

3.1.1 Cash for SALES in the charity shop

During the trading day the shop manager or duty supervisor who is “running the show” is responsible for ensuring all cash is received and controlled correctly.

3.1.1.1 All cash received is passed to the shop cashier, placed in the till, a receipt issued and the transaction listed on the till roll. A cashier is to be on duty at the till at all times.

Shop cash is the responsibility of the shift supervisor and a member of the shift team assigned to be cashier. At the end of each shift/day the cash is counted and balanced to the till roll. The shop float of €60 is transferred to the shop safe ready for the next shift/day. The cash is reconciled to the till roll and the Cash Register Reconciliation Sheet completed and signed by the cashier and checked and signed by the supervisor. Finally, the cashier and supervisor place the Cash Register Reconciliation Sheet, cash bag and till roll into the chute leading to the Treasury Cashier's safe.

From this point on the shop team have no access to the cash or documentation - responsibility passes to the Treasury Cashier in the Treasury team

The Treasury Cashier processes and banks the cash as often as necessary to maintain minimum cash levels on the premises.

The Treasury Cashier processes and banks the cash twice each week (Monday and Thursday) An Income/Banking Control Schedule is prepared for each week. The schedule itemises daily SALES income, other DONATION income, cash withdrawals from the till, banking deposits and an overall summary reconciliation. It is signed by the Treasury Cashier

The bank deposit slips are attached and the schedule, plus deposit slips passed to the Accountant.

3.1.1.2 Donors requesting to make a donation in the shop (as opposed to a purchase) are requested to place their donations into a Collection tin/bucket. The shop supervisor is responsible for the "security" of the tins. Section 3.1.3 below expands re Collection tins.

3.1.2 Cash donations from events organised by supporters

On every occasion the supporter will be requested to make a bank transfer into the SiS bank account at bank Sabadell. Where this is not possible cash may be collected by the Income Generator Trustee or delegated manager. The donor will be provided with a receipt. The cash and receipt will be passed to the Treasury Cashier for processing and banking.

3.1.3 Collection tins

All usage will be recorded in a "Tins Register" by the Treasury Cashier. who will open and count the cash in a private area. The contents will be entered on the Register and placed in the Treasury Cashier's safe pending bank deposit. The detailed operational control procedures are not addressed in this policy, there is a separate "Collection Tin Policy".

3.1.4 Cash donations from SiS events

The Treasury Cashier will control and issue cash floats for each stall. Cash will be collected frequently during the event to minimise risk. Cash will be counted in a private area of the Centre and placed in the Treasury Cashier's safe at regular intervals.

3.1.5 Inter-bank transfer directly into the SiS bank accounts

The Treasurer/Accountant will confirm the completeness and accuracy of the transfer with the relevant trustee to ensure the receipt including the name of the donor is correctly recorded in the books.

3.2. Payments control

3.2.1 Purchasing

An essential first step to controlling payments is to control the purchasing activity. Decisions to purchase are made by individual Trustees if within their authority levels within their budget cost code responsibility. Decisions re purchases of greater cost are made by the BOT. (see 2.3 above) Individual Trustees are responsible for purchasing cost centre specific items and materials

Purchasing of general PP Centre consumables is a role undertaken by the Income Generation Retail Trustee or a Shop Supervisor.

3.2.2 Payments

Payments are made by way of:

- Supplier direct debit withdrawals
- SiS initiated interbank transfers to suppliers accounts
- SiS initiated interbank transfers to Trustees, managers and VOLS in respect of expenses incurred in respect of SiS activities and purchases
- SiS Debit Card
- Petty cash

3.2.2.1 Supplier Direct Debit withdrawals

Invoices re direct debits received by the Treasurer/Accountant will be referred to the authorised Trustee or Manager and Purchasing Officer for information. Any discrepancies will be immediately advised to the Accountant. Invoices received directly initially by the Trustee or Manager will be passed to the accountant with confirmation that there are or are not any discrepancies. (Often the DD will already have been paid but retrospective corrections are possible).

3.2.2.2 SiS initiated interbank transfers to supplier's accounts

Invoices received by the Treasurer/Accountant requesting payment will be referred to the authorised Trustee or Manager and Purchasing Officer for payment authorisation. (Indicated by "please pay" and signature). Invoices received directly by the individual Trustees or manager will be similarly approved and passed to the Treasurer/Accountant.

In addition the cost centre code must be indicated (e.g. marketing advertising, recruitment advertising etc)

3.2.2.3 SiS initiated interbank transfers to Trustees, Managers and Vols

All Vols may reclaim expenses incurred on SiS activities. These expenses can be reclaimed by completing the standard SiS expense claim form and attaching receipts where appropriate. The claim forms are authorised by an appropriate Manager or Trustee and passed to the Accountant for payment.

In addition Trustees and Managers (where delegated) will purchase equipment, consumables etc on their personal credit/debit cards. (Purchases must be within authority levels) Such expenses can be reclaimed on a separate claim form with receipts attached. the claimant must specify the cost code to which the expense should be allocated. The claim form will be authorised by an appropriate Trustee.

3.2.5 SiS Credit and Debit Card

The Credit Card (in the Treasurer's name) has a credit limit of €500 and is held to facilitate the occasional payment where a Debit Card will not be accepted. The Debit Card (in the Secretary's name) is held to facilitate online orders and avoid the need for cash shopping in Punta Prima.

3.2.6 Petty Cash

One till cash float is to be maintained for the shop of €60. A petty cash float of €200 will be maintained by the Treasury Cashier, and topped up as required.

A Petty Cash Control Log should be maintained for each month. It should show

- i. balance brought forward on first of the month,
- ii. all payments and top-ups during the month
- iii. top-up on last day of month and balance carried forward, €60 till float and €200 Petty Cash.)

At the end of each month the Control Log and receipts should be passed to the Treasury cashier for audit review prior to being passed to the Accountant. A Petty Cash Policy document exists and should be read by all those dealing with Petty Cash.

AJW 30 Jun 21