



Financial Policies and Procedure Manual

Purpose

The purpose of the Financial Manual is to set out IDEA's financial policies and procedures which have been developed to enable the efficient, transparent and accountable running of the organisation and to monitor and protect its financial and legal health.

The Irish Development Education Association (IDEA) is a national platform for organisations and individuals engaged in the provision, promotion, and advancement of development education throughout the island of Ireland. IDEA, a company limited by guarantee and not having a share capital, was incorporated as a Company (no. 435218) under the Companies Acts 1963 to 2006 on the 21 February 2007. IDEA is a registered charity no. 20144517 and registered with Revenue Commissioners with a CHY number of 16504.

Financial Policies

IDEA's financial policies and procedures as outlined in this manual aim to give effect to the obligations and legislative provisions to which IDEA must adhere to.

IDEA's financial policies are additionally informed by its:

- **Reserves Policy**
- **Procurement Policy**
- **Fraud Policy**
- **HR Handbook** (which includes procedures on the appointment and remuneration of employees and the awarding of pay scale increments)

IDEA is a non-profit organisation whose income and property are to be applied solely to the promotion of the aims of the organisation as specified in its constitution. No dividends or bonuses will be paid to the members of the company.

The company is required to prepare and file annual audited accounts with the Companies Registration Office and the Charities Regulatory Authority. This is made available to the Revenue Commissioners upon request.

IDEA will maintain its tax compliance and honour its revenue requirements as an employee.

Structure, Governance and Management

IDEA is governed by its members, through the board (the National Council (NC)) elected at the Annual General Meeting, to oversee the organisation on behalf of its members. The NC is the organisation's primary governance and oversight body, responsible for strategic direction, risk management, accountability through required laws and regulations, and key organisational decisions, while day-to-day operational decision-making sits with management.

To enhance the National Council's efficiency and effectiveness in governing the organisation, IDEA has 2 subcommittees: a Governance and Finance Subcommittee and a Nominations and Remuneration Committee. Both are populated by members of the National Council. Each subcommittee has terms of reference and, through its chair, provides updates and, where relevant, makes recommendations to the wider National Council on areas within the subcommittee's remit. Through the chairperson, each subcommittee reports to the full National Council, ensuring all National Council members are up to date and engaged. This is achieved by each subcommittee reporting to the wider National Council in advance of the National Council meeting, noting items for collective consideration (i.e., for decision, noting, or advice).

The members of the Governance & Finance Sub-Committee (Sub-Committee) are the CEO, the Treasurer, the Company Secretary, and at least two other members of the NC. The Governance and Finance subcommittee meets routinely to oversee key governance and financial issues for IDEA. Whilst the full national council is collectively responsible, it is necessary to fairly delegate work among board members. Hence, as part of good governance practice, there is also a specific role for the Treasurer and Company Secretary within IDEA.

The Treasurer

Appointed to monitor the financial performance and position of the organisation and provide advice to the board on financial matters. The Treasurer liaises with the CEO, Operations and Finance Manager during the preparation of financial reports for the board or subcommittee, including the annual audited accounts for discussion and approval at the AGM. They will also provide a level of oversight to ensure that adequate internal controls and procedures are in place and that financial regulatory compliance is being adhered to by the organisation

The Company Secretary

With responsibility for ensuring that IDEA complies with relevant statutory requirements, the Company Secretary provides legal and administrative support and guidance to the NC and files the company's annual return, along with its audited accounts, to the Companies Registration Office.

Organisational Staff with Financial Responsibility

CEO

- Has overall responsibility for the management of the organisation and the implementation of IDEA's strategic objectives
- is responsible for overseeing the financial management of the organisation, including fundraising, budgeting and reporting
- reports to the Chairperson and the NC

Operations and Finance Manager

- Lead on annual budgeting, forecasting, and financial planning in collaboration with the CEO and relevant staff.
- Ensure compliance with all financial aspects of the organisation e.g. audit, and regulatory requirements, Charities Governance Code.
- Oversee the preparation of monthly and quarterly management accounts, annual financial statements, and reports to funders and the Board.
- Contribute to developing funding proposals and ensure accurate financial reporting aligned with donor requirements.
- Reports to CEO

Accounting Systems, Conventions and Principles

The Accounting System of IDEA is based on a full accrual, double-entry system (SAGE Line 50 accounting package) and conforms with the requirements of the Charities Act, SORP (FRS 102) and the Companies Act.

All financial transactions are documented and recorded in books of accounts to facilitate comprehensive financial reporting, easy referencing and a clear audit trail. This is achieved through proper source documents, including referenced source documents, books of original entry, and books of final entry. Source Documents will include receipt vouchers, payment vouchers and journal vouchers when properly authorised and supported by documents such as suppliers' invoices, goods receiving notes, payee receipts, etc.

Income

IDEA's main source of income is through grants. Each grant received includes a contract and a Memorandum of Understanding that outline the actions or activities to be carried out within a specified budget and the reporting requirements for each funder. IDEA undertakes to comply with the conditions of each grant funding contract, including each funder's reporting requirements. Income from grants is spent in accordance with the guidelines specified by the funding agency providing the grant to IDEA. Grant income is spent only for the purpose for which it was given to IDEA by a funding agency.

Additional income is generated through membership fees, event fees, and on occasion consultancy contracts. This income may contribute to IDEA's reserves, contribute to general or specific operating expenses or be used as co-financing for grant income.

The Operations and Finance Manager keeps a record of all income received. Primarily, income is paid electronically directly into IDEA's bank accounts. Income received in cash or cheque is lodged in IDEA's bank accounts by the Operations and Finance Manager. Income lodgements are entered as revenue in the computerised accounts package monthly by the Operations and Finance Manager.

Banking & Accounts

IDEA operates two current bank accounts to manage its receipts and payments for national and European funding.

IDEA has a deposit account available to the organisation to transfer funds, e.g. reserves, when necessary to generate interest. Due to the timing of grant disbursements (usually Q2 of each year), the reserves have remained in the current account to enable the organisation to continue activities and spending in Q1. The Operations and Finance Manager and CEO are responsible for tracking cash flow and ensuring funds are available as required.

Our policy on bank accounts states that they must be in the company's name and only have authorised signatories for transactions. The Operations and Finance Manager regularly reconciles these accounts with bank statements, which are signed off by the CEO. IDEA continues to keep mandates for all accounts and credit cards up to date in a separate Finance

fileshare accessible only to the CEO and Operations & Finance Manager. Additionally, as part of our financial reporting to the NC, the Treasurer ensures that all bank accounts are reconciled and can review transactions as needed to maintain financial integrity and transparency.

Expenditure

All expenditure is in line with IDEA's agreed annual budget and for items required to meet the company's objectives. The NC approves the annual budget in advance. Payments for goods or services are made regularly, generally by the Operations & Finance Manager, via electronic banking. Appropriate supporting documentation, such as an invoice or receipt, is filed in the payments folder with an Electronic Payment Form. Where a budget holder has authorised expenditure or ordered goods or services, they should approve expenditure and indicate the grant & budget head(s) on the Electronic Payment Form, prior to payment.

IDEA has three approved signatories to its bank accounts, as stipulated by its bank mandate. The signatories are the CEO, the Treasurer, the Company Secretary, and one other NC member. Cheque payments below €150 require one signature, and payments over that amount require two signatures. Cheque signatories do not sign blank cheques.

All electronic payments require prior approval by an account signatory. Once signed authorisation has been obtained, the Operations and Finance Manager creates the payment on Internet Banking. For operational efficiency, if the amount is €1,250 or less, the Operations & Finance Manager will authorise the online payment. If the amount exceeds €1,250, the CEO or Treasurer then authorises the online payment. All salaries and pension payments will be authorised by the CEO or Treasurer, even if the expense is below the threshold. The Treasurer may, at their discretion, review bank account transactions and supporting documentation to verify that the correct procedures have been followed.

IDEA has a business Credit Card with a limit of €4,000, held in the Operations and Finance manager's name, for bookings or expenses requiring card payment. All credit card expenditure are supported by invoices or receipts. Credit card payments are authorised in advance by the CEO via written confirmation by the budget holder. The Operations and Finance Manager then processes this. The credit card bill is paid monthly from the current account by direct debit. The Treasurer reviews the credit card statement monthly and may request the details of a sample of transactions. Expenditure incurred by credit card is subject to financial monitoring and independent review on a periodic basis to confirm how it's being used.

Credit cards are cancelled when the holder ceases to work for the Company.

Payment transactions are entered as expenditure in the accounts package monthly by the Operations & Finance Manager.

Expenses Claims

Expenses are reimbursed only where a staff member, volunteer or board member incurred the expense in course of carrying out IDEA's business. Expenses that may be reimbursed are confined to travel expenses and subsistence related to travel while on IDEA business.

Expenses incurred by staff, contracted consultants or NC members that are eligible for reimbursement may be claimed using the Expenses Claim Form. The expenses must be submitted within one month of the expenditure occurring. This must be accompanied by supporting invoices/receipts and authorised by the CEO before being reimbursed by the Operations and Finance Manager. In the case of the CEO's expenses, they should be approved by the Chairperson, the Vice Chairperson, or another signatory to the account if the expense report exceeds the value of €1,000. Expenses that are paid to staff are reported to Revenue in line with Enhance Reporting Requirements (ERR).

Petty Cash

Petty cash is available for all minor sundry payments generally below the value of €50. Petty cash payments are recorded monthly by the Operations and Finance Manager on the Petty Cash Record, and all receipts and invoices are then filed with this in the Petty Cash folder. The Operations and Finance Manager reviews the Petty Cash Record, counts the petty cash and verifies the balance. All payments are also entered into the petty cash account on the computerised accounts package.

Salaries, Revenue and Pensions

Payroll services are contracted out to an accounting company. Payslips and payroll summaries are emailed to the Operations & Finance Manager and CEO each month. Once the CEO approves these, the Operations & Finance manager creates payments for staff salaries and pension contributions via online banking. If there are any payroll adjustments to be made, the CEO informs the Operations & Finance Manager, who then contacts the payroll company to make the necessary changes.

The CEO or Treasurer (if the CEO is not available) will authorise these payments. The Operations & Finance Manager reviews the Revenue Online; all PAYE and PRSI contributions are paid via direct debit. Once a month, the Operations & Finance Manager enters all salary, revenue and pension payments into the accounts package, reconciling salary journals as a control.

Bank Reconciliation

The Operations and Finance Manager reconcile all accounts to the monthly bank statements once a month. The CEO reviews and signs off on the bank reconciliations. As part of the financial reporting to the NC, the Treasurer, on behalf of the NC, ensures bank accounts are reconciled and may, at their discretion, review bank account transactions.

Financial Reports

Once a month, the Operations and Finance Manager produces detailed income and expenditure reports and budget variance reports. These are prepared on excel based on the underlying source financial records. Spending is analysed according to the specific budget heads for each funding grant to ensure that the outcomes and related costs are on track within the period of the grant.

Budgetary Control

The CEO and any other staff members responsible for carrying out activities and managing budgets analyse financial reports monthly. As part of the quarterly financial reporting to the NC, the Treasurer, on behalf of the NC, reviews the financial reports produced by the Operations &

Finance Manager and follows up on any queries. The Treasurer may also request any underlying source data to support the review.

Security

The petty cash tin and cheque books are kept in a locked cabinet at the Operations & Finance Manager's desk. PC's and laptops are password protected along with software such as banking online and SAGE. Backups of all data are saved via the Microsoft cloud.

Insurance

To safeguard employees of IDEA against possible accidents and loss of life, and its assets against risk, fire, theft etc. appropriate insurance coverage is in place.

Annual Audit

IDEA's accounts are audited annually by an external company of accountants. The Operations and Finance Manager, with the support of the Treasurer, is responsible for preparing the accounts (using Sage software) and presenting the Balance Sheet and Profit and Loss Reports, as required by the auditors. Annual audited accounts are filed with the Companies Registration Office, presented to the members at the AGM and then made available on IDEA's website.

Expenditure Limits

IDEA should have authorisation limits in place to ensure all payments made are in the execution of its business.

The NC approves annual budgets which detail the nature and type of expenditure anticipated for the year to come. This is known as '**in-budget**' expenditure. Any unforeseen expenditure is known as '**out-of-budget**' expenditure.

CURRENT	SUGGESTED
< €50 Petty Cash, no specific approval required	< €12,500* in-budget CEO + 2 National Council Members

2 NC Members from: Chair, Vice-Chair, Treasurer, Company Secretary. **Rationale for Limits:** Kept in line with existing policies to reduce error and/or confusion

*In line with Procurement Policy – all items over €12,500 require tendering (over €750 require 3 quotes)

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The Irish Development Education Association (IDEA) is a Company Limited by Guarantee not having a share capital. It is registered in Dublin Ireland as Company Number: 435218. Registered Charity Number: 20144517. CHY: 16504.