

## **FINANCE POLICY PACKAGE**

**March 2014**

1. Financial Reporting Policy
2. Budgeting Policy
3. Internal Financial Controls Policy
4. Reserves Policy
5. Fundraising Policy
6. Risk Management Policy
7. Anti Fraud Policy

## **1. Financial Reporting Policy**

### **1.1 Introduction**

The company is a charity and hence the Annual Report and Financial Statements are presented in a form which complies both with the requirements of the Companies Acts, 1963 to 2012 and also the Statements of Recommended Practice (SORP) as issued by the Charity Commissioners for England and Wales in March 2005.

### **1.2 Accounting Policies**

The following accounting policies are applied consistently in dealing with items which are considered material in relation to the company's audited financial statements.

#### **Basis of Preparation**

The audited financial statements are prepared in accordance with applicable accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2012.

Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

The financial statements are presented in a form which complies with the Statement of Recommended Practice (SORP) for Charities as issued by the Charities Commissioners for England and Wales in March 2005. As a result of adopting the requirements of the SORP for Charities, the financial statements include a detailed statement of financial activities.

#### **1.2.1 Incoming Resources**

Voluntary income represents total income generated by the company and is accounted for on a cash receipts basis.

#### **1.2.2 Grant Income**

As far as it is practical, grant income is reflected in the statement of financial activities in the period in which the expenditure for which the grant was applied is incurred and is credited to unrestricted funds. Grant income received that is restricted to its purpose by the wishes of the donor is taken to restricted funds.

#### **1.2.3 Intangible Income**

Intangible income, which comprises donated services, is included in income at a value which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable.

#### **1.2.4 Resources Expended**

Resources expended are analysed between programme costs and governance costs and is recorded in the accounting period in which it is incurred.

## **2. Budgeting Policy**

### **2.1 Introduction**

The budget procedures are designed to allow management to plan and control the total financial resources available and the expenditure of these resources for the next financial year. This is a continuous process. All budgets are considered working plans, to maximize the use of limited financial resources, for the effective management of the organisation to meet our Mission Goals.

### **2.2 Budget Preparation**

The financial year commences on October 1 and ends on September 30<sup>th</sup>.

The budget is prepared in the same format as the financial statements and consists of a Budgeted Statement of Financial Activities and a detailed set of notes.

The budget is prepared by the Finance Committee in consultation with management, taking account of objectives for the year. Therefore, a familiarity with prior years' activities and the changes that are contemplated in the year to come are necessary to prepare a comprehensive budget.

When the budget is agreed by the Finance Committee is presented to the Board for final approval.

Once the budget is approved and finalized, the Finance Manager develops a cash flow forecast showing the expected timing of cash receipts and disbursements over the course of the fiscal year. This forecast is updated and monitored over the course of the year to identify in advance any potential cash shortfalls that may need to be addressed.

### **2.3 Budget Adjustments**

From time to time, it may be necessary to adjust the budget when revenue or cost expectations materially change. Such adjustments can only be made with Board approval.

### **2.4 Budget Analysis**

At each Board Meeting, the financial performance of the organisation is measured against the Budget and any material variances are investigated and explained

### **3. Internal Financial Controls Policy**

#### **3.1 Responsibilities**

The Board has overall responsibility for the systems of internal financial control and for monitoring the effectiveness of internal controls. Management is responsible for the design and operation of suitable internal control systems. These systems are designed to provide reasonable assurance against material misstatement or loss.

In order to discharge that responsibility in a manner which ensures compliance with legislation and regulations, the Board has established an organisational structure with clear operating and reporting procedures, secured the services of appropriately qualified personnel, designed suitable lines of responsibility, put in place appropriate authorisation limits, made arrangements in respect of segregation of duties and delegated the necessary authority for decision making.

The system of internal control includes the following:

#### **3.2 Expenditure Controls**

3. Using approval forms before re-imbursing all expenses claims
4. Checking suppliers' invoices for accuracy and reconciling them regularly to suppliers' statements
5. Sequentially numbering suppliers' invoices
6. Paying suppliers on time, as far as possible
7. Only authorising payment on production of the original documentation to back up the expenditure
8. Ensuring that expenses cheques are not approved/signed by the person receiving the money
9. Never signing blank cheques
10. Restricting access to the online banking system
11. Always having two signatories per cheque
12. Always having two people to authorise online payments
13. Always have two people to set up direct debits
14. Undertaking regular reviews of expenditure on company credit cards
15. Restrictively crossing all cheques 'account payee only; not negotiable'
16. Elimination of payments in cash, as far as practicable
17. Safely storing unused cheques and cash

#### **3.3 Income Controls**

18. Keeping detailed records, of all monies received
19. Lodging receipts promptly
20. Issuing a receipt for all teacher fundraising contributions
21. Issuing a letter of acknowledgement for all donations or grants
22. Undertaking regular bank reconciliations
23. Storing of all financial records for a period of six years with secure destruction thereafter.

## **4. Reserves Policy**

### **4.1 Introduction**

The Board has decided to set a Reserves Policy for the following reasons:-

- To fund working capital requirements
- To fund unexpected expenditure
- To fund shortfalls in income, when income does not reach expected levels.

### **4.2 Reserves Level**

The board has decided to set a Reserves Policy which requires reserves to be set at the level of €24920, which equates to two month's average expenditure according to the most recent set of audited accounts. However given the current difficulties in sourcing funding the Board recognises that this is aspirational as of 2014 but over the coming three years the Board will work towards building this reserves level with the goal of achieving reserves of two month's expenditure by the start of the Sept 2016 to Oct 2017 financial year.

### **4.3 Use of the Reserves**

The Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-off unbudgeted expenses or an unanticipated loss or shortfall in funding. The Reserve may also be used for once off nonrecurring expenses that will build long-term capacity, such as staff development, research or investment in infrastructure.

Before the Reserve may be used, the Chief Executive Officer (CEO) must submit a request to the Board to use the Reserve. This request will be examined by the Board to confirm that the use of the Reserves is consistent with the purposes of the Reserves as defined in this policy. The request should also include an evaluation of the time period for which the funds will be required and a plan to replenish the Reserve. The organisation's goal is to always replenish the fund within twelve months of use.

## **5. Fundraising Policy**

### **5.1 Introduction**

Global Schoolroom always strives to ensure that its fundraising is done as professionally and transparently as possible. For this reason, Global Schoolroom fully abides by the Statement of Guiding Principles for Fundraising developed by ICTR on behalf of the charitable sector.

This Statement of Guiding Principles for Fundraising has been drawn up in the context of the publication of The Charities Act 2009, which proposes that the operational and administrative aspects of fundraising will be regulated by agreed Codes of Practice developed with the sector.

Further details are available at [www.ictr.ie](http://www.ictr.ie)

The purpose of these principles is to promote good practice in the operational aspects of charitable fundraising and to aid in the effective regulation of the charitable sector through Codes of Practice.

- Global Schoolroom is committed to complying with the Statement of Guiding Principles of Fundraising and the Board has formally adopted the statement.
- Global Schoolroom will confirm its commitment to the principles set out in the Statement of Guiding Principles for Fundraising by a statement to that effect in all future Annual Reports.
- Global Schoolroom has a Donor Charter which is consistent with the Statement of Guiding Principles for Fundraising.
- Global Schoolroom considers the Statement of Guiding Principles for fundraising when planning all fundraising activities.
- Global Schoolroom undertakes to provide honest, open and transparent disclosure when fundraising from the public.
- Global Schoolroom has appointed a member of the Management Committee and the Financial Administrator to be responsible for compliance with the Statement of Guiding Principles for Fundraising.
- Global Schoolroom ensures that staff are provided with the relevant information on the Statement of Guiding Principles of Fundraising and its implementation.
- Global Schoolroom has a feedback and complaints procedure consistent with the Statement of Guiding Principles for Fundraising. Feedback is recorded for review by the Fundraising Department and is responded to effectively and efficiently.
- Global Schoolroom ensures that all donations are tracked and recorded.
- Global Schoolroom is accessible to the public through a number of readily available contact options.

## **5.2 Donor Charter**

As a charity seeking donations from the public, we aim to comply with the Statement of Guiding Principles for Fundraising.

Our pledge is to treat all our donors with respect, honesty and openness.

We commit to being accountable and transparent so that donors and prospective donors can have full confidence in Global Schoolroom.

We promise to effectively apply your donations for their intended purpose at all times.

### **We commit that you, our donors and prospective donors will:**

1. Be informed of the organisation's mission and of the way that we intend to use donated resources.
2. Be informed of the identity of those serving on our Board and that the Board will exercise prudent judgement in its' governing responsibilities at all times.
3. Have access to the organisations' most recent audited financial statements.
4. Receive appropriate acknowledgement and recognition.
5. Be assured that information about your donation is handled with respect and with confidentiality to the extent provided by law.
6. Expect that all relationships with individuals representing the organisation will be dealt with professionally.
7. Be informed whether those seeking donations are employees, volunteers or third party agencies.
8. Have easily available the agreed procedures for making and responding to complaints.
9. Have the opportunity for any names to be removed from mailing lists and to be informed if the organisation intends to share its mailing list with third parties.
10. Receive prompt, truthful and forthright answers to questions you might have of the organisation.

## **5.3 Complaints Procedure**

Global Schoolroom is committed to ensuring that all our communications and dealings with the general public and our supporters are of the highest possible standard. We listen and respond to the views of the general public and our supporters so that we can continue to improve.

Global Schoolroom welcomes both positive and negative feedback.

Therefore we aim to ensure that:

- It is as easy as possible to make a complaint;

- We treat as a complaint any clear expression of dissatisfaction with our operations which calls for a response;
- We treat it seriously whether it is made by telephone, letter, fax, email or in person; We deal with it quickly and politely;
- We respond accordingly – for example, with an explanation, or an apology where we have got things wrong and information on any action taken etc;
- We learn from complaints, use them to improve, and monitor them at Board level.

### **If you have Feedback or a Complaint**

If you do have a complaint about any aspect of our work, you can contact Dr. Garret Campbell (CEO) in writing or by telephone.

In the first instance, your complaint will be dealt with by our CEO. Please give us as much information as possible and let us know how you would like us to respond to you, providing relevant contact details.

#### **Write to:**

Garret Campbell  
CEO  
Global Schoolroom  
10 Lissadel Crescent  
Malahide  
Co. Dublin

#### **Phone:**

Tel: (01)845 6901

Email: [garret.campbell@globalschoolroom.net](mailto:garret.campbell@globalschoolroom.net)

Internet: [www.globalschoolroom.net](http://www.globalschoolroom.net)

Our office is open 5 days a week from 9.00am to 5.00pm

#### **What happens next?**

If you complain in person or over the phone, we will try to resolve the issue there and then. Similarly, if you complain by email or in writing we will always acknowledge your complaint within 7 days, and do everything we can to resolve it in 21 days. If this is not possible, we will explain why and provide a new deadline

#### **What if the complaint is not resolved?**

If you are not happy with our response, you may get in touch again by writing to the Global Schoolroom Chairman. The Chairman will ensure that your appeal is considered at Board level and will respond within 4 weeks of this consideration by Board members.

## **6. Risk Management Policy**

### **6.1 Introduction**

Under the Statements of Recommended Practice (SORP) as issued by the Charity Commissioners for England and Wales in March 2005, The Board is required to make a positive statement in the annual financial statements confirming that all major risks to which the organisation is exposed have been reviewed and systems put in place to mitigate those risks.

The need to disclose our arrangements for Risk Management is not the sole driver of this policy. We recognise that putting in place effective arrangements for the management of risk is best practice and brings with it, some significant benefits.

This policy sets out the principles underpinning our risk management, outlines our risk management methodology and defines the responsibility of Board Members in relation to risk management. In addition, it describes how Global Schoolroom will evaluate the effectiveness of its' risk management arrangements.

Global Schoolroom acknowledges that efficient and effective management of risk is important in meeting our strategic objectives. This policy reflects our commitment to sound risk management principles and practices.

### **6.2 Policy Principles**

Global Schoolroom's policy on risk management is to:-

- a) Meet the requirements of the Charities SORP 2005
- b) Consider best practice in defining our management risk framework
- c) Encourage well-managed taking of risk to further the goals of the organisation.
- d) Provide staff and volunteers with the necessary policies and procedures to manage risk.
- e) Identify and prioritise risk using the risk management methodology
- f) Regularly monitor major risks at CEO and Director level.
- g) Achieve continuous improvement in risk management

### **6.3 Responsibilities**

The Board has overall responsibility for risk management and for the risk management statement required annually by the Charities SORP 2005. The Board has delegated oversight responsibility to the Finance Committee. The duties of the Committee are to

- a) Assess the scope and effectiveness of the system in place to identify, assess, manage and monitor significant risks.
- b) Review the corporate governance statements in the Annual Report and accounts relating to audit and risk management.

## CEO and Directors

The responsibilities of the CEO and Directors are to:-

- Design and implement the policy on risk management
- Encourage good risk management practices
- Identify and evaluate the significant risks faced by the organisation for consideration by the Finance Committee
- Review the effectiveness of risk management arrangements
- Report regularly to the Finance Committee on the status and management of major risks.

### **6.4 Risk Management Methodology**

The risk management methodology shall include the following key stages:-

- a) Identification and regular review of major risks directly linked to strategic aims and objectives and their mitigating actions
- b) Identification and regular review of other major risks and their mitigating actions
- c) Assessment of risks in terms of their likelihood and impact
- d) Evaluation of what action needs to be taken
- e) Periodic monitoring of risks

### **6.5 Annual Review of Effectiveness**

In reviewing the effectiveness of risk management, the following sources will be drawn on and considered:-

- a) The adequacy of the controls as evidenced by reports from the external auditors and other relevant third parties
- b) Global Schoolroom's performance in terms of meeting its' objectives and its' financial and non-financial targets
- c) Assurances provided by risk owners and Directors on the management of major risks.

### **6.6 Risk Management Strategy**

In implementing our risk management policy, we will:-

- a) Run a risk management workshop annually to identify the strategic risks to achieving the organisation's goals.
- b) Implement quarterly reviews of major risks by the CEO and Directors.
- c) Report to the Finance Committee on a quarterly basis on the status and management of major risks
- d) Annually assess the effectiveness of controls over major risks
- e) Periodically review the risk management policy.

## **7. Anti – Fraud Policy**

### **7.1 Introduction**

This document sets out the policy and procedures of Global Schoolroom against fraud and other forms of dishonesty, together with the steps that must be taken where any of these practices is suspected or discovered.

It applies to Directors, staff and volunteers. Anybody associated with Global Schoolroom who commits fraud, theft or any other dishonesty, or who becomes aware of it and does not report it, will be subject to appropriate disciplinary action.

### **7.2 Statement of intent**

Global Schoolroom will continually strive to ensure that all its financial and administrative processes are carried out and reported honestly, accurately, transparently and accountably and that all decisions are taken objectively and free of personal interest. We will not condone any behaviour that falls short of these principles.

All members of the organisation have a responsibility for putting these principles into practice and for reporting any breaches they discover.

### **7.3 Definitions**

#### **7.3.1 Fraud**

The Charity Commission gives the following definition:

“Fraud is a form of dishonesty, involving false representation, failing to disclose information or abuse of position, undertaken in order to gain or cause loss to another”

For practical purposes of the application of this policy, fraud may be defined as the use of deception with the intention of:

- a) gaining an advantage, financial or otherwise, personally and for family or friends; or
- b) avoiding an obligation or
- c) causing a financial loss to the organisation

#### **7.3.2 Theft**

Dishonestly acquiring or disposing of physical or intellectual property belonging to Global Schoolroom or to individual members of the organisation

#### **7.3.3 Misuse of Equipment**

Deliberately misusing materials or equipment belonging to Global Schoolroom.

#### 7.3.4 Abuse of Position

Exploiting a position of trust within the organisation.

### **7.4 Responsibilities**

#### **7.4.1 The Board**

The Board is responsible for establishing and maintaining a sound system of internal control that supports the achievement of Global Schoolroom's policies, aims and objectives.

The system of internal control is designed to respond to and manage the whole range of risks that the organisation faces.

Managing fraud risk is seen in the context of the management of this wider range of risks.

#### **7.4.2 The CEO**

Overall responsibility for managing the risk of fraud has been delegated to the CEO. His responsibilities include:

- Undertaking a regular review of the fraud risks associated with each of the key organisational objectives.
- Establishing an effective anti-fraud response plan, in proportion to the level of fraud risk identified.
- The design of an effective control environment to prevent fraud.
- Establishing appropriate mechanisms for:
  - reporting fraud risk issues
  - reporting significant incidents of fraud or attempted fraud to the Board of Directors;
- Making sure that all staff and volunteers are aware of the Charities Anti-Fraud Policy and know what their responsibilities are in relation to combating fraud;
- Ensuring that appropriate anti-fraud training is made available to Directors, staff and volunteers as required

#### **7.4.3 Staff and Volunteers**

Every member of staff or volunteer is responsible for:

- Acting with propriety in the use of the organisation's resources and the handling and use of funds whether they are involved with cash, receipts, payments or dealing with suppliers;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately if they suspect that a fraud has been committed or see any suspicious acts or events; and
- Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

### **7.5 Detection and Investigation**

The Chairman of the Board must be notified immediately of all financial or accounting irregularities or suspected irregularities or of any circumstances which may suggest the possibility of irregularities including those affecting cash, property, remuneration or allowances.

Reporting of suspected irregularities is essential as it:

- Facilitates a proper investigation by experienced staff, and ensures the consistent treatment of information regarding fraud and corruption.
- When so notified, the Chair will instigate an investigation by appointing a designated officer, auditor or other adviser.
- The designated officer, auditor or other advisor will:
  - deal promptly with the matter
  - record evidence received
  - ensure the security and confidentiality of evidence
  - Work closely with senior management and other agencies, such as the Police to ensure that all issues are properly investigated and reported upon.
  - Ensure maximum recoveries are made on behalf of Global Schoolroom, and assist the senior managers to implement disciplinary procedures where considered appropriate.