

# Finance Policy

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# Care Alliance Ireland Finance principles

- *Care Alliance Ireland ('CAI') is highly conscious of its responsibilities to all its stakeholders to be fully accountable for all grants and donations and to make the best possible use of all its financial resources.*
- *CAI also recognise the importance of accurate and clear financial management and reporting. It aims to adhere to high standards and to go beyond minimum legal requirements in doing so.*
- *We are committed to being fully SORP Compliant and fully Compliant with the Charities Regulator Code of Governance.*
- *We endeavour to implement Pobal's guidelines on 'Best Practice on the Use of Electronic Banking Systems'.*
- *We are committed to ensuring that we comply with any new legislation or regulation and that evolving and best practice standards are maintained.*
- *We have a zero tolerance for fraud, including internal fraud*

## **1. General**

### **1.1 Purpose and Scope**

- The purpose of this Finance Policy document (the 'Finance Policy') is to set down the internal controls (policies, procedures and processes) on the key aspects of CAI's financial management.
- CAI implements its internal controls to:
  - ensure the integrity of its financial and accounting information, promote accountability and prevent fraud.
  - aid compliance with laws and regulations, and prevent employees from stealing assets or committing fraud.
  - improve operational efficiency by improving the accuracy and timeliness of financial reporting.
- The scope of this document is to encompass all financial management systems and control procedures that are in operation in CAI.

### **1.2 Responsibility**

- The Board of Directors of Care Alliance Ireland (the 'Board') have ultimate responsibility for this Finance Policy.
- The CEO, with the support of the Treasurer, is responsible to the Board for ensuring that all directors, staff and volunteers comply with this Finance Policy.

### **1.3 Training and instruction**

- The CEO is responsible for ensuring that proper instruction and training is given to all directors, staff and volunteers of CAI.
- The CEO must put a structure in place through management and training, to ensure that all directors, staff and volunteers are aware of their responsibilities in complying with this Finance Policy.

### **1.4 Review**

- Constructive feedback on this document is always welcome. It should be given to the CEO, who will ensure that the Finance, Quality, Audit and Risk Committee ('FQARC') considers it.
- The FQARC will review the Finance Policy as needed but no less than every two years and recommend to the Board any changes it deems appropriate.

## **2. Expenditure**

The authorisation of financial expenditure should be considered in two parts.

1. Authorisation to incur a liability (or 'expenditure')
2. Authorisation of payments i.e. authorising the actual payment to satisfy a liability.

### **2.1 Expenditure and Payment Policy**

#### **(i) Expenditure approval and authorisation level frameworks;**

<b>BUDGETED EXPENDITURE* (Excl. VAT)</b>		<b>APPROVAL AND AUTHORISATION LEVELS</b>	
<b>From</b>	<b>To</b>		
>0	≤ €5,000	CEO	
>€5,000	≤ €15,000	CEO	Treasurer OR Chair
>€15,000		CEO	Treasurer AND Chairperson
<b>NON-BUDGETED EXPENDITURE (Excl. VAT)</b>		<b>APPROVAL AND AUTHORISATION LEVELS</b>	
>0	≤ €2,000	CEO	
>€2,000	≤ €5,000	CEO and FQARC	
>€5,000		CEO and Board of Directors	

*\*Excluding salary costs*

In the event of the absence of the Treasurer or Chairperson, another Authorised Signatory (excluding the CEO) may approve these expenditures.

All non-budgeted expenditure approvals is subject to these approvals not resulting in an overall budgetary over-run.

#### **(ii) Payment approval and authorisation level frameworks;**

For Payments by Online Banking System, Cheques and Credit Cards

<b>BUDGETED EXPENDITURE (Excl. VAT)</b>		<b>APPROVAL AND AUTHORISATION LEVELS</b>	
<b>From</b>	<b>To</b>		
>0	≤ €1,000	CEO	
>€1,000	≤ €10,000	CEO	One other Authorised Signatory
>€10,000		CEO	Chair AND one other Authorised Signatory
<b>NON-BUDGETED EXPENDITURE (Excl. VAT)</b>		<b>APPROVAL AND AUTHORISATION LEVELS</b>	
>0	≤ €1,000	CEO	
>€1,000	≤ €5,000	CEO and one authorised signatory, following approval by the FQARC	
>€5,000		CEO and one authorised signatory with written Board approval.	

APPROVAL LEVELS RELATE TO SINGLE ITEMS OF EXPENDITURE. IT IS NOT PERMISSIBLE TO DIVIDE AN ITEM OF EXPENDITURE INTO SMALLER UNITS IN ORDER THAT AN APPROVAL THRESHOLD IS NOT REACHED.

### **(iii) Banking Limits**

- A daily cumulative limit for approving payments of €20,000 is set for all Authorised Signatories on CAI's Banking Online system (AIB internet banking).
- All standing orders and direct debit transactions must be authorised by 2 Authorised Signatories (at least one being a member of the Board).
- A limit of €15,000 applies for AIB cheques.
- A limit of €7,500 has been set on CAI's business credit card.
- All credit cards must be authorised by 2 Authorised Signatories (at least one being a member of the Board), including the setting and amending of credit card limits.

## **2.2 Authorised Signatories**

- CAI shall seek to have four authorised signatories (the 'Authorised Signatories') who are allowed to act on behalf of the organisation with respect to approving, authorising and signing certain financial control-related policies and procedures.
- The authorisation of four Authorised Signatories is to ensure the unavailability of one or more signatories due to leave, sickness or inability to access online banking, does not delay timely payments.
- In line with good practice, CAI's Authorised Signatories' will aim to advise others in advance of their impending unavailability.

The Authorised Signatories shall be the most senior staff member (currently, the 'CEO'), the Treasurer, the Chairperson, and at least one other Board member.

## **2.3 Banking Procedures**

### **i. Business Banking Online payment authorisation**

- The CAI uses a Banking Online system.
- The Authorised Signatories have access to CAI's Banking Online system ('AIB Internet banking').
- Each Authorised Signatory has their own Digipass and own password, both of which are required to log in.
- No Authorised Signatory knows the other Authorised Signatory's password
- Please refer to Appendix I for the current list of Authorised Signatories for AIB online banking (all approved as iBB Online account administrators) as well as AIB cheque signatories

### **ii. Cheques**

- Minimal use of Cheques is envisaged
- Some of our direct family carer support projects include the provision of funds for paying for family carers replacement care costs. These are fully vouched, signed for and paid retrospectively, via one off cheques. To set up each participant as a supplier online, for one payment, is not considered efficient.
- Cheque books should be kept under lock and key

### **iii. Direct debits and credit card statements**

- Credit card statements must be signed by the card holder. The Treasurer will review Credit Card statements and receipts periodically

### **iv. Bank account records**

- The CEO must keep a list of all bank accounts and signatories held by CAI.
- No bank accounts may be opened in the name of individuals.

### **v. Bank statements**

- Bank statements should be obtained on a monthly basis.
- The items should be checked off against the income and expenditure records.
- Bank statements should be kept on a separate file. These should be filed in date/numerical order.
- Any item on the statement but not on the records (for example, bank charges) should be queried if necessary. It should be recorded only when CAI is satisfied that it is a bona fide income or expenditure item.

**vi. Bank reconciliation**

- All bank accounts must be reconciled monthly by the accounts contractor except where there has been no activity on an account during that month.
- Bank reconciliation statements must show all unreconciled receipts and unreconciled payments.

**2.4 Credit control**

- The CEO must ensure that all outstanding debtors are followed up.

**2.5 Tendering/quotations**

- For goods/services less than or equal to €5,000 (excl VAT) – the organisation must source ONE written quote.
- For goods/services greater than €5,000 (excl. VAT) – the organisation must source THREE written quotes.

**2.6 Employment contracts and payroll procedures**

- All initial and subsequent contracts for services/employment contracts must be approved and signed by the CEO.
- The salary expenditure is determined by staff's contracts of employment.
- The accounts contractors are informed of changes to each staff member's salary by the CEO.
- Changes to the CEO's salary is approved in writing by the Chairperson and sent to the payroll contractors, and cc'ed to the Chairperson.
- The accounts sub-contractors maintain complete and accurate records on the payroll software for the CAI's staff team. This includes:
  - Staff personal details, gross monthly salary and appropriate tax codes.
  - Up to date government legislation.
  - Details of leavers, eligibility for tax credits.
- Please refer to CAI's Data Protection Policy for more information on how we protect staff Protected Personal Information ('PPI')
- The CEO reviews each monthly payroll calculation for reasonableness before authorising payments.
- The CEO should review the Gross Wages and Salaries report every 3 months to compare these costs to budgets.
- Payroll is calculated on the 4<sup>th</sup> Thursday of the month, and paid within 3 working days of this date thereafter. Payment will be made by way of electronic transfer.
- All salary and wage payments must be made online.

**2.7 Purchase invoice procedures**

- Invoices should be matched with tenders where appropriate.
- All invoices must be formally approved electronically by the person with authority to approve the expenditure.
- Invoices may not be approved by the person/ receiving the money.

- No payments must be made without original documentation to back up the expenditure. This should include an invoice in soft copy format.
- Payments may not be authorised by the person receiving the money.
- Purchase invoices should be approved and paid within agreed credit terms, which will likely be either 30 or 60 days.
- Purchase invoices should be paid online, with exceptions requiring CEO approval.
- A list of regular suppliers to be paid online must be kept and authorised by the CEO.

## **2.8 Retention of Records**

- Care Alliance Ireland makes extensive use of electronic record keeping. We also use credible off site/cloud document back-up systems.
- We endeavour to adhere to Pobal /HSE/ODCE guidelines on financial record keeping.
- In general we will retain financial records for a period of 7 years.

## **2.9 Expense Policy**

CAI will reimburse all approved and reasonable expenditure incurred in undertaking CAI duties to directors, staff and volunteers. This Expense Policy enables controlled reimbursement to take place and indicate the evidence and the authorisation required.

The objectives of CAI in relation to its Expense Policy are to:

- control costs
- prevent fraud
- ensure that CAI complies with its tax and legal obligations.
- Provide reasonable reimbursements to directors, staff and volunteers

### **Principles**

- Directors, staff and volunteers may claim reimbursement for expenses incurred wholly, exclusively and necessarily in the performance of duties as a director, employee or volunteer.
- It is the CEO's and Treasurer's responsibility to ensure that costs are controlled and that expenses are not extravagant.
- At all times when incurring expenditure that is to be met by CAI, expenditure must be appropriate and value for money.
- All directors, staff and volunteers should read the Code of Conduct Policy in conjunction with this Policy
- CAI may refuse any unreasonable expenses or those that could be reasonably avoided.
- CAI will not reimburse any fixed penalty or other fines, incurred whilst travelling on CAI business.

#### **i. Staff and volunteers**

- Expenses claims must be completed at least six monthly on the form provided and must be paid electronically.
- All expenses claims must be approved by the individual's line manager.
- All expenses greater than €200 must be also be approved by the CEO.
- The CEO will copy his/her expense claim to the Chairperson when sending to Treasurer.
- Receipts must be attached to expense claim forms. Soft copies are acceptable. Hard copies should be made available if requested for audit purposes.

## **ii. Board Directors**

### **Claims and Receipts**

- In general, anticipated and regular board member expenses (mileage, public transport, taxis, meals, etc) will be reimbursed by submission of an expenses form to the CEO.
- Travel costs between home and board meeting location may be reimbursed by the CAI.
- All expense claims must be supported by original receipts, invoices or similar supporting documentations. Soft copies are acceptable. Credit card items should be accompanied by an itemised receipt giving full details.
- Expense claims should be made at least 6 months and will not be paid later than 7 months after the date of expenditure. Efforts will be made to ensure that expenses claims are submitted within the accounting period (ie; December)

### **Approvals**

- In cases of unusual or exceptional expenses, including any items over €250, or cumulatively over €500, Board member expenses must be notified to the CEO and approved by the Treasurer of the Board in advance of the expenditure taking place.
- In the case of the Treasurer's expenses being over €250, or cumulatively over €500, these expenses must be notified to the CEO and approved by the Chairperson in advance of the expenditure taking place.
- Expenses over €500 incurred by the Chairperson must be notified to the CEO and approved by the Treasurer. These provisions apply to single or multiple items of expenditure.

## **3. Income**

### **3.1 Procedures for incoming cash and cheques by post**

Lodgements with a combined total of over €1,000 or of cash over €100 must be made monthly

### **3.2 Cash receipts**

CAI does not envisage receiving cash but should this change we will formulate a specific policy in this regard that will follow current best practice in the collection of cash when fundraising from the public (Codes of Fundraising Practice).

### **3.3 Donor acknowledgement and documentation**

All donors must receive a receipt and a thank you letter. Receipts must be recorded. All donors should receive an annual report, or a report on the use to which the funds were put, on an annual basis.

### **3.4 Deferred Income Policy**

CAI recognise deferred income, where the terms and conditions have not been met or uncertainty exists as to whether CAI can meet the terms or conditions otherwise within its control. Income is then deferred as a liability until it is probable that the terms and conditions imposed can be met.

Some of the grants received are subject to performance-related conditions or time periods. When these performance-related or other conditions are met, the deferred income is released to income in the Statement of Financial Activities.

## **Reserves Policy**

The Board of Directors has set a reserves policy that seeks to target reserves at a minimum of four months' expenditure based on the previous year's audited accounts.

### **4.1 Purpose and use of Unrestricted Reserves**

CAI aims to protect and grow modest levels of unrestricted surplus funds to maintain resiliency and deliver on our objectives going forward in a sustainable manner. We believe this is in line with best practice and demonstrates financial responsibility, accountability, and sustainability.

CAI's unrestricted reserves are solely to be used for the following purposes:

- Financial Stability and smoothing cash flow: To ensure CAI can continue its operations in the event of unforeseen challenges, such as a dip in income, increased expenses, or delays in funding.
- To be able to discharge our liabilities in the event of a wind down – ensuring we can pay all our creditors including a reasonable level of redundancy to our staff in the event of a wind down
- Supporting long-term sustainability: To enable CAI to plan for the future, invest in infrastructure and human resources, and maintain operations in the long term without being overly reliant on the cyclical nature of our external funding.
- Investment in strategic growth: To invest in new initiatives, research, or expansion plans in line with our Purpose without waiting for designated funds to be raised or granted.
- Managing risk: In line with our strategic growth objectives, such as starting a new program or campaign, unrestricted reserves can support these activities, allowing us to innovate while managing the potential financial impact of failure.

### **4.2 Classifications and treatment of Unrestricted Reserves**

- The management accounts should at all times reflect the level of reserves – split between those which have restrictions and those which are unrestricted.
- The statutory financial statements should also adopt best practice (SORP) to ensure that clear segregation of reserves is made between restricted and unrestricted.
- From 1 January 2025, unrestricted Income & Expenditure (I&E) in the monthly management accounts will be accounted for by;
  - Clearly identifying unrestricted I&E for the Charity's bookkeeper together with the creation of corresponding accounting codes to create a clear reconciliation to the year end accounts to ensure they are correctly classified in the AFS. It will also allow us better

track the build up of the reserves to our stated minimum long term target\*

- Items to be classified as **Unrestricted Income** include:
  - Membership fees, interest income, donations, all income from staff seminars/consulting or any other non standard/non-recurring income
- For certain grant income, a % of the 'overhead charges/costs or management fees' will be considered unrestricted to be used for building reserves.
  - For 2025, the following will be determined as unrestricted from our grant income:
    - Dormant Accounts Funds: 5% total income allocated for the calendar year
    - HSE: 5% of total income allocated for the calendar year
- The CEO and Treasurer will review and agree the % of management income that can be deemed to be unrestricted from our key funders on a year-by-year basis or as required, taking into account the grant agreement provisions, and instruct the Charity's book-keeper to separately identify these unrestricted income streams in the management accounts.
- Any updates to the proposed unrestricted grant income provision per donor will be reviewed and, if thought fit, approved by the Board, and reflected in an amended Reserves Policy.
- Items to be classified as **Unrestricted Expenditure** include:
  - Interest charges, payments for occasional strategic, legal or accounting advice, staff salaries to retain staff between recurring projects, staff redundancy payments, Board training, T&E and external evaluation exercises, and generally any other non standard/non-recurring expenditure.
  - Codes will be set up for these unrestricted expenses as and when needed, in addition to the existing unplanned project expenditure code and allocation in place today.
  - In the event of the organisation's wind down, such 'wind down' costs would also be classified as unrestricted – eg employment notice periods, ending of contracts/leases early etc.
- CAI will communicate any updated Finance Policy, which includes the charity's Reserves Policy, with funders when we are sending them the annual Directors Report/AFS.

## **5 Financial Reporting**

### **4.1 Budgets**

- CAI's financial year equates to the calendar year.
- An annual budget (the 'Budget'), including a balance sheet and cash flow budget, should be prepared by the CEO and the Treasurer.
- The Treasurer will present the Budget to the FQARC and if deemed appropriate, for onward recommendation to the Board for approval
- The Budget may be revised by the CEO as required when new funding opportunities do or do not materialise, with material changes requiring FQARC recommendation and Board approval
- Material changes to the Budget are defined as follows:
  - a +/-15% change to the forecast income or expenditure
  - a +/-25% change to the forecast deficit/surplus

### **4.2 Monthly reporting**

- Monthly income and expenditure reports should be prepared and compared to the monthly budget with a variance analysis performed on a quarterly basis.
- All miscellaneous expenditure plus material variances must be analysed.
- Material variances, defined being +/-20%, from budget should be documented and provided to the Treasurer, prior to being reported to the FQARC and Board.
- A six-monthly Cash Flow Report and projection should be prepared and provided to the Treasurer prior to being presented to the Board.

### **4.3 Reports on grants**

Financial reports to funders on grants received must be:

- presented in a timely fashion
- in the format agreed with each funding agency/body.

### **4.4 Audited accounts**

- Audited accounts should be prepared on an annual basis, considered by the FQARC and the Treasurer, and if deemed appropriate, recommended to the Board for approval.
- Copies of the approved audited accounts should be presented to the Members at the AGM as well as placed on the website following Board approval
- The financial statements should be lodged with the Companies Registration Office and the Charities Regulator by the Annual Return Date, in line with company law.
- It is the policy of the CAI to invite tenders for audit services at least every seven years.
- Files should be retained until after the annual audit. They may then be archived and must be retained for a further six years.

### **4.5 Tax preparation and payment**

- Revenue returns (P35, P30) are prepared by the Accounts subcontractors checked and authorised by the CEO and paid monthly automatically via Direct Debit through the Revenue Online System (ROS).
- Please note that Revenue system contains sensitive PPI data that should not be disclosed
- Payments to the Revenue Commissioners should be approved by the CEO and paid online through ROS.

## **6. Asset Management**

### **5.1 Investment Policy**

- The Board's Investment Policy is to keep surplus cash in short and medium-term deposits providing a market rate of interest.
- Medium-term deposits are defined as being fixed deposit accounts that are 3 months or greater.
- The Board does not consider it prudent to place its surplus funds in other asset classes.
- The Board's policy is to invest all surplus cash as follows:
  - All restricted surplus reserves to be invested in short-term deposits
  - No less than 6 weeks of the previous calendar year's expenditure of the unrestricted surplus cash is to be invested in short-term deposits

### **5.2 Fixed asset register**

- A fixed asset register should be maintained and updated on an ongoing basis.
- The replacement cost to the CAI of all assets over €500 should be part of the asset register.

### **5.3. Depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write down the cost of the fixed assets less their residual value over their expected useful lives at the following annual rates:

- Furniture & fittings 20% - straight line
- Computer equipment 25% - straight line
- Office Equipment 20% - straight line

### **5.4 Disposal of written-off assets**

- If assets have been written off and are no longer in use by the CAI, they can be disposed of by means of sale.
- The price will be determined by the appropriate person and approved by the CEO. The price may range from market value to zero, depending on the perceived value of the asset.
- Any asset which is thrown out should be disposed of in a cost-effective and environmentally-friendly way. All data on all pc's, laptops, electronic devices etc. will be irreversibly deleted prior to disposal.

## **7. Insurance**

- The CEO will review the insurance policies in place with independent advice biennially and seek approval by the Board of any material changes to the key terms within the insurance policies.
- The CAI's insurance cover should include policies in the following areas:
  - Fixed Assets Insurance
  - Fire Insurance
  - Public Liability Cover
  - Directors and Officers Liability Insurance
  - Employers Liability

## **Appendix 1 – Current Authorised Signatories**

As of June 2025 the following are authorised to approve AIB ibb online payments, write cheques or transfer funds from our two deposit accounts.

Liam O’Sullivan, CEO  
Elen Gebremedhin, Chair/Director  
Adele Spillane, Treasurer/Director  
Elaine Teague, Director  
Ronan Conboy, Director

## **Appendix 2 – Version History**

<b>Board Approval Date</b>	<b>Changes</b>
12 March 2024	
19 June 2025	<ul style="list-style-type: none"><li>• Finance Principles - Addition of reference to zero tolerance for fraud.</li><li>• Under 2.1, Expenditure &amp; payment policy, merging of approval and authorisation level header under 2.1(i), addition of 'excluding VAT' qualifier to authorisation levels and clarifying 'up to'/'above' limits</li><li>• More detailed Reserves Policy amendments including comms. with funders re updates to policy – see 4</li><li>• Update to Contents to create new section 4 for Reserves Policy</li><li>• Updated signatory in Appendix 1 which removed Pierre-Yves Fioraso and added Ronan Conboy</li><li>• Addition of Appendix 2, Version History</li></ul>