

FINANCIAL ADMINISTRATION

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8. INSERT NAME

8.1 General

The Board of Directors is responsible for the Finances of the Centre and must ensure that full and satisfactory Records of Account are maintained.

8.2 Financial Records

The Board of Directors maintains proper financial records in respect of all financial transactions and complies with relevant provisions of the Company's Acts. Specifically, the Board of Directors is required to keep records in hard copy or electronic form as specified by the ETB i.e. petty cash, cheque payments, cash receipts, wage records etc. The totals in these records should correspond with the monthly claims returned to the ETB.

No commitments that affect the joint agreement should be entered into without prior consultation with the ETB. In the case of a Centre participating in another EU funded programme the ETB must be notified in writing to avoid double claims/funding.

Centre cash flows are planned and managed so that adequate funds are always available.

All financial records are available for inspection by officials of the ETB, the Comptroller and Auditor General's Office, the European Union and the European Court of Auditors.

8.3 Bank Account

There must be only one Bank Account for ETB funded Community Training Centre Activities. All payments should be made by cheques/EFT drawn on this account and all receipts lodged to it.

All cheques should require not less than two signatures and one of the signatories must be the person with overall responsibility for financial administration. All cheques must be fully filled or written out before signing - under no circumstances should blank cheques be signed. No pre-signed cheques should be drawn.

The bank account must be reconciled on a monthly basis.

If funding is obtained from other sources a separate bank account is required for that project.

8.4 Cash Receipts

Except for the ETB monthly return, a pre numbered receipt from a pre-printed duplicate receipt system must be issued for each item of cash received. The duplicates of these receipts must not be removed from the Receipts Book. In the case of a cancelled receipt, both the original and the copy must remain in the Receipts Book and must be marked "cancelled".

Cancelled receipts must not be signed unless they were signed in error. All receipts (including those cancelled) must be signed by the person with responsibility for receipts. Only one receipt book to be in use at any time.

As receipts are issued, the appropriate entries must be made in the Cash Receipts record. If a receipt is cancelled it must still be entered as a cancellation in the Cash Receipts record thus there must be no break in the numbered sequence of the receipts appearing in the Cash Receipts record.

Cheques received should be crossed restrictively on receipt by means of a rubber stamp, i.e. "For lodgement to account of _____ Community Training Centre Limited"

Cash received must be kept separate from petty cash and must not be used for payment of any kind. Therefore, all the cash receipts must be lodged intact.

Cash should be lodged at least weekly or more often, if necessary. The entries in the Cash Receipts record should be totalled for the period covered by the lodgement and this total must equal the total of the lodgement. The amount of the lodgement should then be extended to the lodgement column in the Cash Receipts record on the line corresponding to the last entry of lodgement make-up.

When the Bank Statements are received, the lodgements shown thereon must be checked and ticked off against the Cash Receipts record and any discrepancies investigated at once. If any direct transfers appear on the Bank Statement, which have not been recorded in the Cash Receipts record, they must be investigated and if correct, then entered in the Cash Receipts record.

Entries in the Cash Receipts record must be analysed into appropriate columns. Columns should be headed up for various types of receipts, e.g. ETB, canteen, knitting, sewing, engineering, carpentry etc. A sundries column may be opened for items of a miscellaneous nature e.g. telephone receipts etc. The total of the sundries column must be analysed at the end of the month in the Cash record.

At the end of the month all columns of the Cash Receipts record must be totalled. The combined total of the analysis columns must agree with the total cash receipts column, which must also agree with the lodgement column.

8.5 Cheque Payments

All items for which a cheque is drawn e.g. supplier invoices, Learner payments etc. must be pre approved by the Centre General Manager.

All cheques drawn must be recorded in the Cheque Payments record. Each page of the Cheque Payments record must be totalled and balanced separately.

Cheques must be entered in strict numerical order. If a cheque is cancelled, it should be entered as such and not merely omitted.

There must not be breaks in the cheque number sequence in the Cheque Payments record, except where a new cheque sequence is commenced.

Cancelled Cheques.

A cheque should be cancelled by making a reverse entry in red in the Cheque Payments Record immediately after the original cheque or at the end of the month, or whichever is most convenient at the time the cheque is cancelled. In the case of an issued cheque a replacement cheque should not be issued until it is confirmed by the bank that the first one was not cashed. Cancelled cheques should be marked "cancelled" and held on file. The cheque stub should also be marked "cancelled".

Analysis columns should be opened in the Cheque Payments record for each expenditure heading. Sundry analysis column must be analysed.

Bank interest and charges, as noted per the Bank statements must be recorded in the Cheque Payments record at month end.

At the end of each month, the Cheques Payments record must be totalled and all analysis columns totals must equal the total cheque column. Pages in the Cheque Payments record must be pre numbered, thus verifying that all pages and cheques are accounted for.

8.6 Petty Cash

Petty cash should be kept on the Impress System i.e. a fixed amount should be available to petty cash and when it needs “topping up” an amount should be drawn equal to the exact amount of expenditure since previous “topping up”. Only items of an exceptional nature and of small value should be paid through petty cash.

Each payment from petty cash must be supported by a voucher. The voucher must give satisfactory information. These vouchers must be numbered in sequence and filed in numerical order. Petty Cash vouchers should be supported by receipts or invoices should be attached to the vouchers.

Paid vouchers must be entered in the petty cash record as payments are made and not accumulated for entry on a weekly or monthly basis.

Each month the record must be balanced, ruled off and the balance carried forward to the succeeding month. The balance must agree with the cash on hand.

Payments must be correctly analysed when entered in the record. As little as possible should appear in the sundries column and any items appearing in that column should be adequately described.

The petty cash float must be financed solely by cheques drawn for that purpose. It must never be financed out of general income.

Only the person responsible for petty cash should have access to the actual cash. The cash should be kept in a locked box. The keys of the box should not be left lying around the office. The duplicate keys should be held by the General Manager.

During office hours the cash box should be kept in a locked drawer but each evening it must be deposited in a safe or other secure location.

If a discrepancy occurs between the book balance and the cash on hand which cannot be located and corrected, the matter must be reported without delay to the General Manager.

8.7 Bank Reconciliation

At any particular date it is unlikely that the balance shown on the Bank Statement will agree with the balance shown by the financial records of the Centre. This is because any or all of the following may have to be taken into account:

- Lodgements near the end of the period at which the reconciliation is being made may have been entered in the Cash Receipts record but may not appear on the Bank Statement until a subsequent period.
- Payments may have been received directly into the Bank account by direct transfer but the receipt may not have been recorded in the Cash Receipts record.
- Cheques entered in the cheque Payments record may not have been cashed by the Bank at the date of reconciliation.
- Bank charges and bank interest charged may not have been entered in the Cheque Payments record.
- Bank errors e.g. the bank may possibly have credited lodgements or debited cheques of some other client in error or may have entered the wrong amounts.
- Clerical errors e.g. wrong totals in Cash Receipts and Cheque Payments record or amounts entered incorrectly.

Procedure

- Obtain the Bank Statement showing the balance at the date of reconciliation.
- Ensure the Cash Receipts and Cheque Payments record are correctly written up and totalled to that date.
- Obtain the list of uncashed cheques as per the previous Bank Account Reconciliation.
- Check that any adjustments required at the date of the previous reconciliation have been made. If any have not been made they must be noted to be included in the current reconciliation.
- Take all the Bank Statements from the date immediately after the previous Bank Account Reconciliation up to the date of the current reconciliation.
- Tick off cheques paid on the debit side of the Bank Statement to the Cheque Payments record or list of uncashed cheques per the previous Bank Reconciliation.
- Prepare the new list of uncashed cheques from the unticked cheques on the previous list and any unticked cheques for the period from the Cheque Payments record.
- Check the Bank Statement to see if there are any debits other than cheques. If so, note them on a sheet of paper for inclusion in the current reconciliation and for recording in the Cheque Payments record.

Tick off Lodgements on the Bank Statements against: -

- (1) Outstanding lodgements shown on the previous reconciliation and
- (2) Current period Cash Receipts record.

Note if any lodgement is outstanding. This will appear unticked in the Cash Receipts record.

Bank Account Preparation

Opening Balance (closing balance for the previous period) (deficit)	€ _____
Less: Cheques drawn (total per Cheque Payments record for the period)	€ _____
Sub total:	€ _____
Add: Lodgements (total lodgements per Cash record for the period)	€ _____
Closing Balance (see Bank Reconciliation) Bank Reconciliation	€ _____
Balance per Bank Statement (Normally this should be a debit balance. If it is a credit balance insert it as a Minus i.e. in brackets)	€ _____

SECTION EIGHT

Deduct the total of outstanding cheques.

(If the bank balance is a credit add the total of outstanding cheques)

€ _____

Sub total:

€ _____

Add any outstanding lodgements. (Deduct if The previous sub total is a minus)

€ _____

Sub total:

€ _____

Deduct the total of any unticked debits other than outstanding cheques. (Add if the previous sub total is a minus).

€ _____

Add any unticked credits other than outstanding lodgements. (Deduct if the previous sub total is a minus)

€ _____

Add or subtract, as the case may be any adjustments required

€ _____

Balance per Bank Account

€ _____

Cheques outstanding for a period in excess of six months are regarded as "stale" and cannot be cashed. Such cheques must be cancelled and written back through the Cheque Payments record in red and correctly analysed and noted for future reference. Such cheques must also be thoroughly investigated and the reasons for non-cashing, as ascertained, should be noted for future reference.

8.8 Tax Clearance

A current Tax Clearance Certificate must be supplied to the ETB. Tax Clearance Certificates are obtained from the Local Tax Office. Application must be made on Form TC1.

8.9 Wages and Salaries

Community Training Centres must register for PAYE/PPS with the Revenue Commissioners. PAYE/PPS must be deducted in accordance with the tax credits due and the tax deduction cards must be written up in accordance with the instructions on the card. PPS must also be deducted at the appropriate rate.

The tax deducted plus the total PPS contributions (including employee and employer portions) must be remitted to the Collector General on a monthly basis on form P30.

A P35 must be completed and sent to the Collector General by its due date. A P60 certificate must be given to every employee who is employed by the Centre at year-end.

When an employee ceases employment with the Centre, whether or not tax was deducted from his/her wages and whether or not he/she was liable for pay related contributions, a cessation certificate (form P45) must be completed in accordance with the instructions on that form.

SECTION EIGHT

The ETB makes a contribution towards Community Training Centre staff salaries based on relevant points on agreed salary scales.

Proper records must be maintained of staff wages and salaries. These will be reimbursed by the ETB as part of the monthly payment. A Staff Wage/Salary Return showing staff names, gross pay and employers PPS must accompany the Monthly Financial Returns.

8.10 Learner Costs

Rates applicable to ETB Learners as notified by Management Accounts Section of the ETB will apply.

Learners should sign for allowance payments when these payments are made by cheque. No signature is required for EFT allowance payments. Learner costs where paid by the Centre will be reimbursed by the ETB, as part of the monthly payment. A detailed Learner cost return must accompany the Monthly Financial Returns. The claim form will show the Learner names and amounts of allowances, accommodation & travel paid and must be signed by the Learner. This form is to be attached for the last week of each month only.

8.11 Monthly Financial Return

The monthly financial return paid by the ETB to the Centre will be based on current actual and necessarily incurred expenditure but will not exceed the agreed annual Budget and where appropriate will include direct Learner costs.

Each month a summary of the entries in the Financial Records must be sent to the relevant ETB Manager. This should be done by completing the Monthly Income & Expenditure Account. These returns should be submitted within 7 days of month end and should be accompanied by a copy of the Bank Statement. Prompt submission of these returns will ensure that there is no delay in funding by the ETB.

The ETB will not accept any responsibility for interest charged on overdrafts occasioned by delay on the part of the Centre in submitting returns. To provide for the funding of costs the ETB may provide a working capital float. Where the ETB is responsible for any delay in reimbursement it will be responsible for any costs incurred.

The training administration costs to be included in the monthly claim should only be those which have actually been paid and for which a receipt/invoice has been obtained.

8.12 Income

In the primary interests of Training, Centres are encouraged to make products and/or provide services. Income derived from such activities may be used as a contribution towards the replacement of plant, machinery and equipment and the agreed maintenance/ improvement of Centre services. **It may not be paid to or shared amongst the Learners or staff in the Centre.** The utilisation of such income should be provided for in the Annual Business Plan, and be accounted for in the monthly returns to the ETB.

8.13 Purchasing procedures

A proper Purchasing System must be operated by the Community Training Centres to include such elements as a Purchase Request/Justification for materials to be completed by the requisitioner, an order completed on foot of same by the office personnel, signed by the General Manager, or the Board's nominee, posted, or emailed out to the supplier by the office and goods checked in by requisitioner. Only one order book is to be in use at any one time. The collection of materials directly from suppliers is to be minimised as far as possible. Where possible all ordered supplies must be delivered to the Community Training Centre premises

Material specifications and quantities to be established for each programme so that volume/type purchases can be checked off against usage on a periodic basis.

All goods must be purchased by Official order. Two written quotations must be obtained where goods cost between €1000.00 to €5000.00 incl. VAT. Three written quotations must be obtained where goods cost over €5000.00 incl. VAT.

When purchasing goods the following procedures must be used:

- An “Official Order”, in duplicate, should be drawn up listing goods requested, as well as cost. The Original of form should be sent to the supplier and the carbon copy retained on file.
- A “Delivery Note” should be sent by supplier when goods are delivered or collected. This should be signed by the receiver after they have confirmed that the correct quantity and quality of the goods delivered. The delivery note should then be attached to the copy of the order on file.
- Upon receipt, the prices and calculations on the Invoice for the goods received should be checked for accuracy. The invoice should then be attached to the official order and delivery note.
- If all is in order the invoice should be stamped “passed for payment” with a rubber stamp. Invoices should then be signed by the General Manager authorising payment.
- At month end all invoices passed for payment should be reconciled to suppliers Statement. A cheque should be drawn up to the value of these invoice(s) for payment. The supporting documentation for the cheque should be placed on file. The cheque and support paperwork where requested should then be passed to person(s) authorised for signature, and posted directly by the office, along with the remittance slip, to the supplier.

8.14 Purchase of Equipment/Refurbishment Materials

The purchase of any Centre equipment, which is funded by the ETB , must be acquired in accordance with the ETB Purchasing Procedures. Staff should send: -

- “Purchase Requisitions” rather than Capital Appropriation Requests to Materials Control Section when they are purchasing equipment for Centres. The Centre must maintain a Register of Equipment.
- Ownership of ETB funded Assets will be vested in the Community Group, but will revert to the ETB on cessation of training activity.
- The Centre should maintain an **Assets Register** of all capital equipment purchased for or by the Community Training Centre.

8.15 Year End

The financial year will run from January 1st to December 31st. The Board of Directors should make arrangements with their accountant for the Annual Audit of their accounts to be carried out. Audited returns should be submitted to the ETB within 3 months of the end of the financial year. Confirmation should be provided that an AGM has taken place and where relevant, accounts have been filed with the Company’s office.

8.16 Financial Monitoring

There must be regular monitoring of the financial records of the Centre by both the Board of Directors and the ETB. The monitoring report may be made available to the Board of Directors and Centre staff.

8.17 Third Party Returns

The 1992 Finance Act introduced a new annual reporting requirement known as Third Party Returns. Community Training Centres are obliged to complete these returns if they make payments for the relevant services. Returns must include details of all payments for services made in the programme of a trade, profession, business or other activity. Payments for services, which need not be included in a return, are:

- Services in which the value of any goods provided as part of the services exceeds two-thirds of the total charge.
- Payments from which income tax has been deducted (e.g. fees paid subject to deduction of withholding tax).
- Payments for services etc. made to any person in the period covered by the returns that do not total more than €3,800 in aggregate.
- Third Party Returns forms are available from the Revenue Commissioners.

8.18 Temporary staff

Any Centre that employs temporary/part time staff will need to assess the status of each individual for taxation purposes.

An individual is an employee of the Centre if they are employed under a Contract of Service. An individual is normally treated as an employee if they are under the control of another person who directs how, when and where the work is to be carried out, if they supply labour only, if they receive a fixed hourly/weekly/monthly wage, if they work set hours or a given number of hours per week/month, if they cannot sub-contract the work, if they do not supply materials for the job or if they do not supply the equipment for the job. PAYE and PPS must be calculated, deducted and remitted to the Revenue for all full time, temporary or part-time employees.

An individual is self-employed if he/she is operating under a Contract for Services. In this instance the self-employed person is paid gross and is responsible for his/her own tax affairs.

The Revenue Guide for Employed or Self Employed (A guide for tax and social insurance) provides additional information on this issue.