



# south dublin county volunteer centre reserves policy and procedures

## Policy Statement

It is the policy of South Dublin County Volunteer Centre to have an appropriate financial reserve in case of an unforeseen and significant reduction in funding. This will ensure that the organisation has sufficient time to secure an alternative source of funding or to wind-down the organisation in an orderly fashion. To achieve this the organisation will:

- a. Establish a minimum amount of funds to be designated as an operating reserve i.e. set the reserves level as working towards having sufficient funds to maintain operations for 6 months.
- b. Ensure the operating reserve is reviewed and adjusted in response to internal and external changes.
- c. Identify the appropriate use of reserves.
- d. Designate the authority to use operating reserves.
- e. Ensure the funds are recorded in the financial records as a board designated operating reserve.
- f. Ensure the reserve is maintained from surplus unrestricted operating funds.

## policy guidelines

### 1.1 Purpose

To ensure the organisation has adequate financial stability and the means to meet its core objectives for a defined period of time.

### 1.2 Scope

This policy applies to unrestricted operating funds which are understood as income that becomes available and can be expended at the discretion of the Board in furtherance of the objectives of the organisation. It excludes: income that is not yet spent that is committed, restricted and/or designated.

### 1.3 Responsibilities

It is the responsibility of the Board/Steering Committee to ensure the reserves policy is adhered to, with annual review delegated to the Audit and Finance sub-committee. The Audit and Finance sub-committee report to the Board/Steering Committee on the status of the present reserve on an annual basis and recommend the annual contribution the Board/Steering Committee should approve



## procedures

### 2.1 Procedure Title - Setting the reserves level

#### **Purpose**

To ensure that the reserve fund is set to reflect the organisations financial obligations..

#### **Responsibility**

Board/Steering Committee, Manager

#### **Procedure**

On an annual basis the board will calculate the average monthly operating costs for a 6 month period. This will represent the appropriate reserve level for the company for the forthcoming year.

The calculation should include all recurring expenses such as: salaries, rent and rates, professional services etc. (It does not include depreciation, capital purchases etc.)

The amount of the operating reserve fund minimum should be calculated following approval of the annual budget.

#### **Records**

Record of Meetings, Audited accounts

### 2.1 Procedure Title - Identifying the need for and requesting the use of Reserves

#### **Purpose**

By agreement of the Board, the reserve may be used to: fund working capital, fund unexpected expenditure or fund shortfalls in income, when income fails to reach expected levels.

#### **Responsibility**

Manager, Staff, Board

#### **Procedure**

1. The manager/staff will identify the need for access to the reserve fund.
2. They must confirm that the use is consistent with the purpose of the fund.
3. Carry out an analysis of the shortfall.
4. Check for any other sources of funds before requesting the use of reserves.
5. Evaluate the time period that the funds will be required and replenished.

#### **Records**

Record of Meetings, Request Form, Bank Statements, Audited Accounts

## 2.3 Procedure Title - Authorising Use of Reserves

### Purpose

To ensure that access to use of the reserve fund is in line with organisational governance.

### Responsibility

Board, Manager

### Procedure

The manger must submit a request in writing to the board/steering committee.

- ◆ The request must include the analysis and determination of the use of funds and the plans for replenishment.
- ◆ The replenishment must take place within twelve months.

The board/steering committee will scrutinise the request and modify, authorise or refuse the request subject to further clarification

### Records

Request Form, Record of meetings, Bank Statements, Audited Accounts

## Version Control

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