

COMMUNITY EMPLOYMENT & JOB INITIATIVE SCHEMES
FINANCIAL BEST PRACTICE GUIDELINES FOR
SPONSORS



INTRODUCTION

This document should be used by Community Employment/Job Initiative **Sponsors** to assist them with maintaining and recording proper books of accounts. However, it is the responsibility of the Sponsor to maintain and keep proper Financial Records.

The attached Guidelines are the minimum requirements for the Accounting Records of the Community Employment/Job Initiative Scheme. Where a Scheme is using an Accounts Package and/or Payroll Software, the Reports generated from each must meet the conditions of this document and include all the information of the example documents.

BOOKS OF ACCOUNTS

The following books of account must be maintained and printed on a monthly basis. The Treasurer, or a member of the Sponsor Committee, must approve, sign and date hard copies of same at the end of each month.

- EXPENDITURE - PAYMENTS BOOK AND PETTY CASH.
- INCOME - RECEIPTS BOOK.
- BANK ACCOUNT AND BANK RECONCILIATION.
- PAYROLL RECORDS (must be checked and approved before weekly payroll is paid).

ELECTRONIC FUNDS TRANSFERS (EFT)/BANK TRANSFERS

Where a Scheme is making On-line Payments to Suppliers or to Employees (Wages), this document sets out the minimum requirements for same. It is important that the controls around these on-line payments are maintained in line with good accounting policies.

END OF CONTRACT RECONCILIATION

There is an End of Contract Reconciliation included in these Guidelines which must be carried out by the Sponsor at the end of each contract.

EXPENDITURE

PAYMENTS BOOK

The Payments Book is a record of all expenditure incurred by the Scheme. It should be updated immediately after a payment is made (i.e. once a cheque has been written or an Electronic Funds Transfer (EFT)/Bank Transfer has been sent through the Scheme's On-line Banking System), or immediately after Direct Debit or bank charges have been incurred.

At the end of each month, the Payments Book should be printed off and signed and dated by the Treasurer, as evidence that they have checked and approved same.

Maintenance of Payments Book:-

- Every item of expenditure must be recorded in the Payments Book, in sequence, immediately after payment is issued.
- Expenditure should be analysed across the relevant headings and totalled on a monthly and cumulative year to date basis (see attached example, Page 5).
- Each page of the Payments Book should be numbered.
- Cancelled cheques should be recorded in the Payments Book with 'Cancelled' entered as the Payee and 'Nil' as the amount. The cancelled cheque should clearly marked as such and it should be attached to the relevant stub in the Cheque Book. A reason for the cancellation must be noted on the back of the cheque.
- Direct Debits or Bank Charges must be entered on the date that the charge has been incurred, i.e. the date deducted from Bank Statement.
- The Payments Book must be printed off at the end of each month. It must be signed and dated by the Treasurer, as evidence that they have checked and approved same. The approved copy should be held on file.

CHEQUE BOOK

- The Cheque Book should be stored in a secure place.
- Two of the Authorised Signatories, as per the Bank Authorisation Form, are required to sign cheques.
- Cheques must be completed in full & crossed before being signed off by the two authorised signatories.
- A signatory should never sign a blank cheque. Cheques should only be signed once the appropriate backup documentation, i.e. proper invoice (authorised by a signatory) or appropriate Payroll Report, accompanies the cheque. The cheque should be fully completed, i.e. Payee and Amount (both in alphabetical and numerical format), before cheque is signed.
- Cheques must always be payable to third parties.
- Cheques must never be made payable to cash.
- Cheques for petty cash must be made payable to 'Petty Cash – CE Scheme Name'

SUPPLIERS INVOICE(S)/RECEIPTS

- Payment must never be made without the proper supporting documentation, i.e. Invoice checked for evidence of receipt of goods/service, quantity, quality, price and calculation(s). (Refer to 'Invoice Criteria' below.)
- Invoices must always be checked, approved and dated by an authorised signatory to the bank account.
- On making payment, the cheque number or EFT number and date of payment should be written on the invoice.
- Invoices should be filed appropriately.
- Cheque: A photocopy of the cheque should be attached to the Invoice. EFT: A printout from the on-line banking system, which verifies the payment has been made, should be attached to the invoice.

Invoice Criteria

All invoices received by the Scheme must meet the following criteria:-

- Name, address and contact telephone number of the Supplier of the goods or services.
- PPS No., Tax Registration No. or VAT No. (If VAT is being charged) of the Supplier.
- Name and address of the Scheme to whom the goods or services were supplied.
- Date of issue of the invoice.
- Invoice Number – sequential number which uniquely identifies the invoice.
- The quantity and nature of the goods supplied or the extent and nature of the services rendered, including a unit price per goods or services.
- The date in which the goods or services were supplied.
- The Total Amount Due (including a breakdown of VAT, if applicable)

The Scheme should demand that all invoices from their suppliers meet the criteria above.

ALLOWABLE EXPENDITURE

Only items of expenditure which specifically relate to the tasks approved for the project, as per the Agreement Contract and Project Plan, can be paid out of the CE/JI Bank Account. Where any item(s) of expenditure is disallowed by the DSP, the Sponsor must reimburse the CE/JI Bank Account for the item(s) disallowed immediately. Evidence of same should be submitted to the DSP.

Where a Scheme has inadvertently overspent on their Materials or Training Budget, the amount overspent must be reimbursed by the Sponsor to the CE/JI Bank Account immediately. Evidence of same should be submitted to the DSP.

PETTY CASH

Where a Petty Cash System is in place, it must only be used for small purchases (items of €10 or less) and it must not be used excessively (Petty Cash should only be topped up to a maximum of €50 every month).

The Supervisor should operate the Petty Cash Box. The Treasurer should review the receipts/dockets and check and approve the Petty Cash Book and Petty Cash Reconciliation on a monthly basis.

Maintenance of Petty Cash System:-

Petty Cash Dockets

- Petty Cash Dockets should be pre numbered.
- Petty Cash Dockets must be signed and approved before cash is issued for the item of expenditure. The details (date, description of expenditure, amount and person receiving the cash) must also be written on the pre numbered Docket before the cash is issued.
- Receipts for the purchase must be approved and attached to the relevant Docket.
- The Petty Cash Dockets should be filed in numerical order and held with a print out of the relevant month's Petty Cash Book and Petty Cash Reconciliation.
- Petty Cash Dockets and receipts should be reviewed on a monthly basis.

Petty Cash Book

- The Petty Cash Book must be written up on a weekly basis.
- A separate page should be used for each month.
- The Petty Cash Book should be numbered and analysed under appropriate headings and totalled on a monthly basis (see attached, Page 6).
- The Petty Cash Book and Petty Cash Reconciliation must be checked, approved and dated by the Treasurer.

Petty Cash Box/Cheques

- Cheque for petty cash must be made payable to 'Petty Cash – *CE Scheme Name*'
- The Petty Cash Box must be stored in a secure location.

PAYMENTS BOOK

SCHEME NAME: _____

SCHEME REF NO.: _____

MONTH: _____

DETAILS				ANALYSIS								
DATE	PAYEE	CHQ / EFT NO.	TOTAL	Supervisor Wages	Participant Wages	ILP Training	Revenue	Supervisor Travel	Materials 1*	Materials 2*	Materials 3*	Materials 4*
Total for Month			€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Cumulative Year to Date			€	€	€	€	€	€	€	€	€	€

Prepared by: _____

Approved by: _____

Date: _____

Date: _____

(Treasurer)

**Materials 1, 2, 3 & 4 should be replaced with appropriate headings.*

PETTY CASH BOOK

RECEIPTS				PAYMENTS								
DATE	DETAILS	CHEQUE NO	AMOUNT	DATE	PAYEE	DOCKET NO	TOTAL	Printing & Stationery	Postage	Cleaning	Sundries	
01-Jan	Balance Brought Forward											
				Total January 2013				0.00	0.00	0.00	0.00	0.00
				Balance Carried Forward				0.00				
			0.00				€0.00					
01-Feb	Balance Brought Forward		0.00									

Petty Cash Reconciliation		
01-Jan	Balance B/F	
	Receipts for Month	
	Payments for Month	0.00
31-Jan	Actual Cash in Petty Cash Box	0.00

Prepared by: _____ *Date:* _____

Approved by: _____ *Date:* _____
(Treasurer)

INCOME

RECEIPTS BOOK

The Receipts Book is a record of all income received by the Scheme.

At the end of each month, the Receipts Book should be printed off and signed and dated by the Treasurer, as evidence that they have checked and approved same.

Maintenance of Receipts Book:-

- Income must be recorded in the Receipts Book once a lodgement is made, or receipt of lodgement is received.
- Income should be analysed across the relevant headings and totalled on a monthly and cumulative year to date basis (see attached example).
- DSP Remittances should be recorded on the Receipts Book immediately.
- Each page of the Receipts Book should be numbered.
- A Lodgement Book (issued from the Scheme's Bank) should be used when lodging cheques and cash.
- The Treasurer must check, approve and date a hardcopy of the Monthly Receipts Book.

LODGEMENT BOOK

- The Lodgement Book should be stored in a secure place.
- Lodgements should be made regularly – where significant amount of cash, at least once a day.

ALLOWABLE EXPENDITURE

As per Page 4, items of expenditure which are not allowed by DSP, or expenditure incurred over the allocated budget, must be reimbursed by the Sponsor to the CE/JI Bank Account immediately. Evidence of same should be submitted to the DSP.

RECEIPTS BOOK

SCHEME NAME: _____

SCHEME REF NO: _____

MONTH: _____

				DSP Reimbursement					
DATE	DETAILS	REF	TOTAL	Supervisor Wages	Participant Wages	Materials	Training	Other	Explanation of Other
Total for Month			€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	
Cumulative Year to Date			€0.00	€0.00	€0.00	€0.00	€0.00	€0.00	

Prepared by: _____

Approved by: _____

Date: _____

Date: _____

(Treasurer)

BANK ACCOUNT AND BANK RECONCILIATION

A Bank Reconciliation is reconciliation between the Bank Statement and the Accounting Records (i.e. Income and Expenditure Records) of the Scheme, at a particular point in time.

Bank Reconciliations should be prepared at the end of each month. They can be prepared by the Book-keeper and/or Supervisor but need to be checked and approved by the Treasurer on a monthly basis.

Many Schemes use Accounting Packages to generate the Bank Reconciliation. However, if this Bank Reconciliation does not contain all of the information as set out in the Bank Reconciliation attached, then the Scheme must complete the attached Bank Reconciliation on a monthly basis.

Maintenance of Monthly Bank Reconciliation:-

- Original Bank Statements must be received monthly from the Bank, addressed to the Treasurer at the Scheme's address.
- Original Bank Statements should be reviewed, signed and dated by the Treasurer.
- Original Bank Statements should be filed appropriately and held in numerical order.
- Bank Reconciliations should be prepared on a monthly basis, up to the end date of each month.
- The 'Closing Book Balance' figure must equal the 'Reconciled Bank Account' figure.
- Bank Reconciliations must be checked, approved and dated by the Treasurer:-
 - Ensure that Closing Book Balance (E) for previous Bank Reconciliation is carried forward correctly, i.e. that it equals the Opening Book Balance (A) for current month.
 - Ensure that the Income Summary (B) is checked back to the relevant month's total in the Receipts Book.
 - Ensure that the Expenditure Summary (D) is checked back to the relevant month's total in the Payments Book.
 - Ensure that the Bank Balance (F) is checked back to the Bank Statement Balance for the relevant month.
 - Review list of 'Debits Outstanding' and ensure items listed had not been cashed at end of relevant month.
 - Ensure that any lodgements appearing on the Receipts Book which do not appear on current month's Bank Statement, are entered on the Bank Reconciliation (G).
 - Review list of 'Debits Outstanding' and ensure that there are no items over six months old (out-of-date). If there are, refer to 'Reversing of Cheques Over 6 Months Old' section on Page 11.
 - Ensure that the Total of Debits Outstanding (I) is correct.
 - Ensure that Closing Book Balance (E) is the same as the Account Balance (J), i.e. that it reconciles.

Reversing of Cheques Over 6 Month Old (Stale Cheques)

- Where a Cheque has not been cashed and is over 6 months old, the cheque needs to be 'reversed' through the accounting records of the Scheme. There are two scenarios:-
 - A. If the supplier/participant never received the money, a replacement cheque needs to be issued and the cheque 'reversed'.
 - B. If the supplier/participant has received the money and, for whatever reason, the amount of the cheque has not been charged to the Scheme's Bank Account, the cheque just needs to be 'reversed' (no replacement cheque necessary).
- In both cases, the Scheme should write to the bank and put a 'stop' on the cheque. Once confirmation has been received from the Bank that the cheque has been stopped the following steps should be taken:-
 1. For both scenarios above, an entry should be made on the Payments Book, entering the out-of-date Cheque Date, Cheque Number and Payee. The amount of the original cheque should be entered as a minus in both the 'Total' column and the Analysis of the Payments Book.
 2. For both scenarios above, the out-of-date cheque must then be removed from the 'Debits Outstanding' List on future Bank Reconciliations.
 3. If a replacement cheque is required, (Scenario A only), the original backup documentation should be cross referenced to this new replacement cheque. All the details of the new replacement cheque must be entered on the Payments Book. This replacement cheque **should not** be claimed from the DSP, as the original cheque was already funded.
 4. If a replacement cheque is not required, (Scenario B only), **the amount of the cheque should be offset against the next Materials Claim (Supplier) or AWS (Wages).**

PAYROLL

All Employers, regardless of the system they use, are required to comply with the PAYE requirements and procedures set out by Revenue. If the Employer is using the services of a payroll bureau, or other agency, to operate the PAYE/ PRSI system in respect of their employees, they are still responsible for ensuring that the system in use conforms to statutory requirements. For more information please contact your local Revenue office or log on to www.revenue.ie.

The Payroll records payments made to Employees. It is important that all Payroll Reports are checked and approved by the Scheme's Treasurer **before** payment is made to Employees. As Payroll is based on attendance, the Sponsor must ensure that the appropriate deductions, if required, are made before approving same. Where there are deductions for absenteeism, the Gross Pay must be adjusted on the AWS for the relevant Employee.

Minimum Checks for Payroll:-

- Payroll must be approved by the Treasurer before payment is made to Employees.
- Where deductions are made to an Employee's wages for non-attendance, the deduction must also be made to the relevant AWS claim.
- Employees Net Pay as per Payroll Gross to Net Listings should be checked to individual Cheques/EFT Payments before cheques signed/EFT authorised.
- All Payroll Reports should be checked, signed and dated by Treasurer before each weekly payroll is paid.

Revenue Returns

- Revenue Returns should be made promptly in accordance with Revenue deadlines.
- Sponsor should ensure that payments are made on time and that they are correct.
- Sponsor should sign and date P30 as evidence that they have checked and approved same.
- Sponsor should sign and date Revenue Acknowledgement and check back to P30.
- Revenue Receipts should be printed (if using ROS). Revenue Receipts should be held on file with copies of all supporting documentation, i.e. P30 and Revenue Acknowledgement, attached.

Electronic Funds Transfers (EFTs)

Many Schemes are moving away from cheque payments and towards making payments directly into Supplier's and Employee's Bank Accounts through their On-line Banking Systems. Sponsors should be aware of the risks associated with weak Internal Controls related to on-line banking and EFTs.

Internal Controls:-

General

- Only members of the Sponsor Committee, who are a signatory on the Bank Authorisation Form, can be set up as an 'approver' or 'authorised person' on an On-line Banking System.
- There must be a minimum of 2 'approvers' or 'authorised persons' set up on the On-line Banking System.
- Payments cannot be made unless these 2 'approvers' or 'authorised persons' approve the payment **on-line**.
- **Under no circumstances** should any Sponsor give their on-line password/authorisation to a Bookkeeper or Supervisor.

Supplier and Employee Bank Details

- Supplier and Employee Bank details should be submitted to the Scheme on Company Headed Paper (Suppliers) or on a Bank Authorisation Form (Employees). They should be held in a secure location by the Scheme. Under no circumstances should bank details be taken over the phone.
- Supplier or Employee Bank details cannot be entered onto the On-line Banking System without it being approved by an 'approver' or 'authorised person' **on-line**. The Sponsor should review the hardcopy of the Supplier Bank details (Company Headed Paper) and the Employee Bank Authorisation Form. The Sponsor must check these details back to the information on-line, before approving on-line. The Sponsor must sign and date the hardcopy of these forms once they have approved on-line.

Payments

- The Bookkeeper or Supervisor, with limited access to the On-line Banking System, may input the details of the payment, but **under no circumstances** should they be able to follow right through to making the payment.
- The 2 'approvers' or 'authorised persons' must approve each payment **on-line** before payment can be made.
- A Report must be generated from the On-line Banking System after each payment/payment run. The Report must show the following:-
 - Payee
 - Payee Bank Details
 - Amount Paid
 - Date of Payment

A printout of this Report should be checked, approved and dated by the Sponsor. This signed copy must be held in a secure location.

Sponsor Monthly Checklist

The following documents must be **checked, approved and dated by the Treasurer**, on a monthly basis (unless otherwise stated):-

Bank

Original Bank Statement	<input type="checkbox"/>
Bank Reconciliation	<input type="checkbox"/>

Expenditure

Payments Book	<input type="checkbox"/>
Invoices (as received/paid)	<input type="checkbox"/>
Petty Cash Book/Reconciliation	<input type="checkbox"/>

Income

Receipts Book	<input type="checkbox"/>
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Payroll

Payroll Gross to Net Listing (Weekly)	<input type="checkbox"/>
Exception Report (Weekly)	<input type="checkbox"/>
Payroll Payment/EFT Report (Weekly)	<input type="checkbox"/>
Payroll Summary Report (Weekly)	<input type="checkbox"/>
P30 – Monthly PAYE/PRSI Return	<input type="checkbox"/>
Revenue Acknowledgement/Receipt	<input type="checkbox"/>

EFT

On-line Payments (As payments are made)	<input type="checkbox"/>
On-line Banking Reports (As payments are made)	<input type="checkbox"/>