

Shared Services for Charities Approved Policies and Procedures



Sample Policy for Financial Budgeting and Reporting

Version Number:	Approved by:
Effective Date:	Date:

INTRODUCTION AND OBJECTIVE

This policy document elucidates practices to be applied with respect to all activities pertaining to Financial Budgeting and Reporting. Its purpose is to provide a clear understanding of the lines of authorities and responsibilities and thereby ensure consistency in recording and processing of transactions.

SCOPE

- Budget preparation
- Approval of budget
- Budget monitoring and reporting
- Preparation of Financial Statements

RESPONSIBILITY

The overall responsibility for ensuring correct application of the policies rests with the Board, who will be assisted by the Management.

Compliance is compulsory for all staff and volunteers.

DISCLAIMER

The policies and procedures are for illustration only, and should not be adopted in its current form or content. Further customisation will be required to ensure they address the specific requirements of the individual organisation.

Important Note:

All rights reserved.

Please contact Shared Services for Charities for customisation to your organisation's structure and requirements. 177 River Valley Road, #05-20 Liang Court, Singapore 179030. Tel: 6339 2811. Email: enquiries@sscharities.com

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1. Budget Preparation

- 1.1 The organisation shall include financial budgeting and reporting process in their financial policy. The policy should indicate timeline for budget preparation, personnel involved in budget preparation, and the review process.

2. Approval of Budget

- 2.1 The draft budget should be reviewed by both the Executive Director and the Treasurer before being presented to the Board for final approval.

3. Budget Monitoring and Reporting

- 3.1 Every month all the departments shall perform an analysis between actual results versus budgeted. All significant variances shall be explained and included in the analysis.
- 3.2 The Treasurer shall review the analysis and present a summary at each Board meeting.

4. Preparation of Financial Statements

- 4.1 Financial year is defined as a period of 12 months or, as a transitional measure to change the next financial year, such other period shall not exceed 18 months.
- 4.2 Monthly closing of account shall be performed as soon as possible after month end. Upon finalisation of monthly closing, the organisation shall prepare Statement of financial position as at month end, Statement of Profit and Loss to date and Statement of Cash Flow for the current month end.
- 4.3 The Financial Statement shall be prepared based on either Singapore Financial Reporting Standard ("FRS") or Charities Accounting Standards ("CAS").

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- 4.4 The governing Board Member shall prepare a set of Financial Statement, which comprises of:
- Statement of financial activities for the period;
 - Statement of financial position at the end of financial period;
 - Statement of Cash Flow for the financial period; and
 - Notes to the financial statements.
- 4.5 All three Financial Statements shall be given equal prominence and shall not be relegated to the notes .
- 4.6 The Financial Statements are subject to external examination. Depending on the gross income or expenditure, the requirements of external examination will vary. Please refer to Charities (Accounts and Annual Report) Regulations fourth schedule for the details.
- 4.7 The audited Financial Statements together with Annual Report, Statement by Directors, Directors report and auditor/examiner's report shall be presented to the Board for approval and subsequently tabled at the Annual General Meeting.

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