

Policy for Management of all Head Office (excluding Branches and Areas) Restricted Funds in the Irish Red Cross

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Authorised by:
Secretary General
& Head of Finance

Distributed to:
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Board Members

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Restricted funds are funds donated to the Society to be used for a specific purpose or in a specific location. The specifier is always the donor.

These funds are recorded in a separate Restricted Funds overview. All funds are recorded on the Balance Sheet of the Society. All adjustments will be recorded and updated monthly. The relevant Head of Function is responsible for general ledger coding and updating the Head of Finance following discussion with the relevant Committee Chair or the Board.

Once a restricted fund is in place other donations to that fund will be noted and coded by the Head of Function managing the fund. Expenditure from the fund must be approved by the relevant Head of Function and the Head of Finance. When a new restricted fund is being set up by the relevant Head of Function he/she will create a file to be held by the Head of Finance indicating the original donors' wishes and rationale for the use of the fund. A specific code will be assigned to the fund to be used in reporting or distributing the fund. A separate spreadsheet/matrix identifying all relevant information will be retained by the Society to track the background to each fund.

All restricted funds will be lodged to deposit accounts in a timely manner. If a specific restricted donation is being disbursed within a month of receipt it may remain in the current account – but its disbursement noted. Funds donated for a specific purpose or location will attract an administration charge of 7% if the fund in total is greater than €5,000. This is not an annual charge but one taken in the year the funds were donated. This does not apply to a donation or grant received for a specific purpose or place which is transferred directly to a third party with no IRC involvement (e.g. Government grant for ICRC).

If the IRC has expended funds in generating the donation (emergency appeal), then these costs may be deducted. All expenditure including the research into the development of a project, travel associated with the project, the management and administration of the project are deducted from the donation or grant. The deduction of the 7% administration charge is additional to these amounts to account for finance and governance costs. If a donation is a single once off donation or a number of donations amounting to less than €5,000 in the calendar year it will not be subject to this charge.

The restricted fund balances must be distributed to the Board as part of the Management Accounts pack monthly.

Operational grants from Government agencies (IRPP, MQI, Dormant accounts, Humanitarian Flood relief schemes) will be classed as restricted funds and noted on a separate overview because these funds are expended on current day to day operations. These funds and their expenditure will be recorded in the monthly management accounts, and will also be recorded in separate project accounts and reported on by the IRC to the Government Agencies allocating the Grant. These funds will not be recorded on the balance sheet of the Society. For each of these operational funds there is a pre agreed administration charge, normally 7%.

In managing and dispersing restricted funds in a situation where there is a lack of clarity regarding the intention of the donor, the Society will seek to contact the donor for clarification. If this is not possible the donation will be used for a purpose as near as possible to what is perceived to be the donor's intention. The International Response Fund may be used to receive low value funds in this context to be distributed for international purposes via the International Federation of Red Cross/Red Crescent Societies during an emergency or directly to an International National Society dealing with an emergency. This practice is to ensure that low value funds in particular do not lie dormant and are utilized for the Society's charitable purposes.