STANDARD OPERATING PROCEDURE

ICAR Reserve Policy Statement (RPS)

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PURPOSE

PURPOSE OF RESERVE POLICY STATEMENT (RPS)

The Board has set this reserve policy which requires:

- Reserves be maintained at a level which ensures that ICAR's and Service ICAR core activity could continue during a period of unforeseen difficulty.
- A proportion and level of reserves to be set and be maintained in a readily realisable form.

SCOPE

ICAR Board, ICAR CE, ICAR Finance Sub-Committee, ICAR Admin Staff.

TERMS & DEFINITIONS

FSC – ICAR Board's Financial Sub-Committee

RESPONSIBILITIES

ICAR Board – to review and endorse the Reserve Level each year as proposed by the FSC
FSC – implement this SOP, determine the annual Reserve Level, submit it to the ICAR Board
CE – to provide the financial reports, information and recommend reserve levels to FSC
Admin - to assist CE to provide the financial reports, information for reserve levels

PROCEDURE

The calculation of the required level of reserves is an integral part of ICAR's and Service ICAR's annual planning, budget and forecast cycle.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted.
- Planned activity level.
- Any other ICAR / Service ICAR commitments.

The Finance committee will review the reserve policy annually.

The ICAR Finance committee/Board agreed that the reserve target shall be set separately for ICAR and Service ICAR.

The ICAR reserve target shall be 9 months operating cost with 3 months readily available in liquid form.

The Service ICAR reserve target shall be based on what is required to run 6 months of fixed operating cost* with 3 months in readily available liquid form.

***The logic of basing the Service ICAR reserve on 6 months fixed operating costs is that in the event the business orders drop off then in turn the costs associated with those sales also drops off but the fixed costs will still need to be met.**

REFERENCE DOCUMENTS

Annex A1 – Reserve target
02_ADM_0002 Budget Submittal and Approval
02_ADN_0003 Day-to-day bookkeeping and reporting process
02_ADM_0004 Financial Reporting
02_ADM_0007 ICAR Investment Policy