

On Call Africa Reserves Policy		
VI	Issued 03/2020	Review 04/2022



On Call Africa (OCA) Reserves Policy

Purpose

The purpose of the Reserve Policy for On Call Africa is to ensure the stability of the mission, programmes, employment, and ongoing operations of the organisation by specifying the amount of unrestricted reserves it aims to hold at any given time to provide sufficient resources and liquidity to cover forecast expenditure.

The Reserve Policy will be implemented in concert with the other governance and financial policies and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

The term "Reserves" is used to describe that part of the charity's income that is freely available for operating purposes not subject to commitments, planned expenditure and spending limits. Reserves do not include endowment funds, restricted funds, and designated funds. Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

On Call Africa's reserves are defined as all unrestricted funds, and excludes:

- Those which are held as tangible assets
- Programme related investments
- Designated funds allocated by the board of trustees for a specific purpose
- Commitments that have not been provided for as a liability in the accounts

Unrestricted funds include those unrestricted funds that are held in the UK, Zambia and in currency accounts by On Call Africa.

The target amount to be held as Reserves will be established as an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The target minimum Reserves are equal to three months of average monthly operating costs, and the target maximum is equal to six months of average monthly operating costs. The average monthly operating costs will be calculated annually at the beginning of the financial year, and will be equal to total forecast operating expenditure (excluding capital expenditure) for the financial year, divided by the number of months (twelve). The Reserve target amounts will be calculated each year after approval of the annual budget and included in the management accounts.

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Three months has been set as the minimum to allow us to moderate expenditure or wind up operations responsibly if the need arises. The six month upper limit has been established to trigger discussion at board level to ensure we are not holding more funds than required.

Monitoring Reserves

The reserves ratio will be included in all management accounts and reviewed by the Broad of Trustees at least quarterly to ensure adherence to this policy.

Governance

The trustees will review the reserves ratio at every trustee meeting. In the event that reserves fall out with the target range the trustees will:

- Include a minute which notes that reserves fall short of or exceed the range targeted within this policy
- Ensure that reserve holdings are indicated as a risk on the risk register
- Minute any corrective actions which should take place and the measures to monitor these actions, or, if no corrective action is required, minute the reasons why (e.g., expected future changes to the ratio).

Review of Policy

This Policy will be reviewed every other year, at minimum, by the Treasurer, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Treasurer to the Board of Trustees.