Finance Policy

1. Basic Principles

This statement is drawn up in line with the Charity Commission guidance, 'Internal Financial Controls for Charities', which includes a checklist of such controls. Particular attention has been given to segregation of tasks to ensure internal checks are made on all financial procedures.

PROCEDURES

2. Accounts requirements

2.1 Alburgh with Denton Preschool Nursery complies with the requirements of the Charities Acts 1993, 2006 & 2011 and the Statement of Recommended Accounting Practices of 2015.

2.2 Records are kept of all transactions and the computerised accounting system downloads hard copies as necessary.

2.3 The Annual Report & Accounts are prepared in compliance with current statutory requirements.

2.4 The annual financial statements are signed at a Board of Trustees Meeting and formally approved by Trustees at the AGM (Annual General Meeting).

2.5 Existing Trustees are provided with the financial statements annually. The most recent audited/externally examined financial statements are given to new Trustees.

2.6 Data is managed and shared between the Bookkeeper and Manager using the Manager's laptop and/or online file sharing. Appropriate security measures (including password locks) are in place and used accordingly.

3. Organised structure

3.1 A copy of Alburgh with Denton Preschool Nursery's constitution and policy documents are available via the setting websites.

3.2 The affairs of the Charity are managed by the Trustees, who regulate their functions and duties as they see fit. Day to day management is delegated to the management team employed by the charity through the relevant policies, and as per the Job Descriptions of staff members.

3.4 As far as resources allow, staff and volunteers are given appropriate training.

3.5 As far as possible professional advice is taken where appropriate.

3.6. All Trustees have been given copies of the Charity Commission guidance on the roles and responsibilities of Trustees. It will also be issued to any new Trustees.

4. Budgets

4.1 Annual budgets are prepared and approved by Trustees to cover both income and expenditure.

4.2 Performance with management accounts is measured termly against the budget.

5. Postal Receipts

5.1 This is not a high-risk area and we do not therefore adopt a policy of opening the post in the presence of two responsible people. Rotation of post-opening staff is not carried out; nor are special measures taken to ensure the security of unopened mail.

5.2 All incoming cheques and cash are recorded as soon as possible and a summary produced at least once a term by the Manager who enters the details into the accounting system and takes all cheques to the bank.

5.3 Entries are verified by the book-keeper or the Manager, but someone other than the person making the entry, on a monthly basis.

6. Banking and custody procedures

6.1 Cash income is banked at least once a month or as soon as £200 in cash has been received at either setting. Receipts are issued for cash payment of fees/uniform immediately by the receiving member of staff. The payment is subsequently recorded by the Manager in the fee note book for the setting and the amount noted on the invoice copy. All records are transferred to the relevant spreadsheet to be provided to the book-keeper for checking once a month.

6.2 There is safe custody of all valuables held on the premises: security locks on doors and windows, petty cash held in locked box. There is no safe.

6.3 The key to the cash box at both settings is stored in a locked office. When the office is open the cash box must be locked, with the key stored securely with only staff aware of the location.

6.4 Insurance is held to cover the contents of the cash box.

6.5 Petty cash is held up to a maximum of £100.

6.6 Money belonging to the charity is held separately from that of any individual Trustee/staff member/volunteer.

6.7 Receipts will be issued when requested (with the exception of clause 6.1 – cash for fees).

6.8 Alburgh with Denton Preschool Nursery has a Barclaycard which can be used by only the Manager and Deputy Managers of either setting for purchases up to £4000. All purchases must be verified on a monthly basis by the book-keeper, and extra-ordinary purchases over £500 must be agreed with the Trustees as per 9.1 and 10.1.

7. Checks for income records

7.1 The Manager provides a record and monthly updates to the Book-keeper to confirm payment arrangements with parents including instalment arrangements. The book-keeper makes checks once a month to ensure there are no discrepancies between records.

7.2 Any restrictions on donated income are identified and observed.

8. Credit Control

8.1 The Manager, on a monthly basis, is to go through outstanding invoices and take the following action.

A. Over one month past the term or instalment date, Manager issues repeat invoice, records the delay and reports to the Book-keeper accordingly.
B. If still outstanding after two months it is to be referred to the Trustees.
C. The child's place may be withdrawn if out-standing fees are not settled.
D. Subject to the discretion and agreement of the Trustees, consideration may be given to the forfeiture of fees in exceptional circumstances.

9. Controls over purchases

9.1 All extra-ordinary purchases exceeding £500 must be approved in advance by the Trustees.

9.2 Payments are only made against original invoices.
9.3 Specification criteria for all products including quality consideration should be defined by the Manager and where relevant Trustees. These should be recorded for purchases over £1,000.

9.4 Normally the Manager should find three alternative quotes for any product over £500. These should be recorded (e.g. by email or minutes) for purchases over £1,000. Suppliers should be selected based on price, quality, suitability for the specification and ethical sourcing.

9.5 Once received products should be verified by the Manager or Trustee as conforming to the specification.

9.6 Clients or funders may provide additional purchasing guidelines that should be followed where relevant.

10. Controls over payments

10.1 All payments (under £500) are authorised by the Manager or Trustees. Payments over £500 must be authorised by a Trustee.

10.2 Supporting documentation is held for all payments.

10.3 Cheque books are kept securely; access is confined to the Manager and Book-keeper and Trustees.

10.4 Payments (whether electronic or cheque) are normally prepared by the book-keeper but may be prepared by others if directed by the Manager or Trustees.

11. Cheque Signatories

11.1 Signatories/authorised person are: Trustee representative (Hannah King), the book-keeper and the Manager.

11.2 There are multiple signatories, with two signatures required on the bank mandates for all accounts for both cheque and electronic payments.

11.3 It is the Charity's policy is that a nominated signatory may not sign a cheque payable to themselves nor sign blank cheques.

11.4 All cheques must be signed by the Book-keeper OR Manager AND a Trustee.

11.5 Cash payments are kept to a minimum.

11.6 All payments by cheque/transfer are fully recorded on input forms.
11.7 All cheque stubs are completed at the time of payment.

11.8 Cheques/transfers are only authorised with documentary evidence of the nature of the payment attached.

11.9 Except in very exceptional circumstances, no payment will be authorised by the person requisitioning the payment.

12. Payments by cash

12.1 All payments by cash are made from petty cash.

12.2 The cash float is made up from cash drawn from the bank and from the small amounts of incoming cash for which proper records are kept.

12.3 The vast majority of payments from petty cash have supporting documentation, and for those that do not a signed receipt is obtained.

12.4 Amounts of claims are entered on a petty cash voucher.

12.5 All payments receipts and reimbursements from the bank are reconciled monthly via the Quickbooks accounting system.

12.6 Petty cash records are controlled by the Manager, reported to the book-keeper when the amount held drops below £10.

13. Electronic Payments

13.1 The book-keeper will normally raise the payment request on the online banking system.

13.2 The payment once requested must be authorised by two people following the cheque signatory rules outlined above.

13.3 A list of direct debits should be maintained.

13.4 Each new direct debit should be authorised by the Trustees.

13.5 The list should be reviewed annually by the Book-keeper and Trustees.

14. Online and telephone banking

14.1 The book-keeper (and a Trustee; Hannah King) shall have access to online and telephone banking systems to view information and raise payment requests.
14.2 All cheque signatories to have access to online banking system to view information, raise and authorise payments as outlined above.

15. Wages and salaries

15.1 The Manager provides staff hours information to the book-keeper on a monthly basis, Payroll processing and salary payments are carried out by the book-keeper using the Quickbooks Payroll Program.

15.2 Personnel records are kept and held separately from the wage records

15.3 Salary payments are authorised as per 13.2 above.

15.4 No payment of wages is paid in cash.

15.5 All salaries are paid by direct BACs payment to employees' bank accounts.

15.6 Staff are employed under a contract of employment and compliance with PAYE/NIC is ensured.

15.7 Salary increments and changes are approved by the Board.

16. Control over fixed assets

16.1 A fixed asset register is updated by the Manager in consultation with the External Examiner of the Charity's accounts. Any individual item costing more than £200 is capitalised and depreciated using a 25% reducing balance for general equipment, fixtures and fittings and 3 years straight line for computer equipment.

16.2 Items below £500 are not capitalised

16.3 The Board approves capital expenditure over £500.

16.4 A list of fixed assets is held and updated once a year by the Manager in consultation with the External Examiner.

16.5 Appropriate insurance cover is held for the contents of both settings and is reviewed annually by the Book-keeper in consultation with the Manager.

17. Reserves Policy

17.1 Reasonable unrestricted free reserves (unrestricted funds excluding fixed assets) of £100,000 will be retained to ensure all potential financial challenges and obligations can be met by the charity. This figure will be reviewed at the annual budget review.

18. Bank Accounts and Deposit

18.1 These are:

A. Alburgh with Denton Pre-school Nursery - Account number 20035629 (current account)
B. Harleston Pre-school Nursery - Account number 63821927 (current account)
C. Alburgh Denton Pre-school Nursery - Account number 00138096 (Business Premium Deposit account) (this one we use for the reserves)
D. Alburgh Denton Pre-school Nursery -
E. Account number 53493547 (Business Premium Deposit Account

18.2 Secure records are held of all accounts.

18.3 A monthly bank reconciliation is prepared by the Manager and is reconciled, reviewed and verified by the Book-keeper on a monthly basis.

18.4 Instructions to open and close accounts are authorised by the Manager and trustees.

19. Independent examination

The Alburgh with Denton Pre-school nursery charity includes a financial independent examination by an external examiner. Further details can be found in clauses of the Charity's Constitution.

20. Summary of financial responsibilities

20.1 Trustee Board-

A. Approval of policy, including budgets/forecasts and financial statements.
B. Approval of termly management accounts, financial procedures, capital expenditure over £500.
C. Approval of annual budget/forecasts/reports.
D. Approval annual financial statements

20.2 Signatories -

A. Approval of individual payments
B. process oversight
C. signatory - no maximum.

20.3 Chair-

A. Signing of annual financial statements

20.4 Manager

A. Approval of individual payments
B. Signatory - no maximum.
C. Input of payroll information
D. Gathering of quotes for large items

20.6 Book-keeper –

A. Approval of individual payments
B. Signatory - no maximum.
C. Payroll
D. Keeping accounting records
E. preparation work for completion of management accounts, purchase order and invoice checking,
F. Review of insurance quotes

20.7 Staff Team-

A. Responsibility for petty cash
B. Signatory on received cash