

10.12 Financial Policy

Policy Statement

The management committee of You and Me Pre-School are responsible for overseeing the financial management of the pre-school. Internal financial controls are essential to help trustees/directors in the following areas:

- Meet legal duties to safeguard the charity's assets.
- Administer You and Me Preschool's finances and assets in a way that identifies and manages risk, waste, theft or fraud.
- Ensures the quality of financial reporting, by keeping adequate accounting records and preparing timely and relevant financial information.
- Ensure the trustees comply with charity law and regulation relating to finance.

This policy sets out the financial management and control for funds at You and Me Pre-School in the following areas:

- Budgetary Control
- Fees
- Banking
- Managing Accounts
- Petty Cash Debit Cards
- Expenditure/Purchasing Controls
- Expenses
- Fundraising
- Assets

Document Aim

In order for You and Me Pre-School to achieve its aims, the trustees/directors have a duty to ensure that assets are properly used, that its funds are spent effectively and its financial affairs are well managed. It is important that all those working in You and Me Pre-School whether trustees, staff or volunteers take the issue of internal financial controls seriously. Making controls work should not be seen as just the responsibility of one or two trustees/members of staff.

We aim to maintain financial controls which reduce the risk of losses through theft, fraud, bad decisions, breaches of controls and unforeseeable circumstances. If they do happen, the controls are laid out to help the trustees/directors find out sooner and take the necessary action.

We will adhere to the following:

- The Free Early Education Entitlement (FEEE) financial management guidelines laid down by Chelmsford County Council
- The guidance provided by the Charity Commission under section CC8 Internal Financial Controls for Charities

Bank Accounts

The Preschool has three bank accounts which hold the Pre-School funds:

The Business Reserve Account:

The funds held in this account would cover any staff redundancy payments, any notice period for the rent on the premises and any outstanding invoices should the Pre-school have to close. Potential redundancy costs shall be reviewed annually by the Business Manager to ensure that enough money is reserved. The transfer of money in or out of this account will be at the discretion of the management committee.

The Current Account:

This account is used for the day to day running of the Pre-school. The FEEE grant and parent fees are paid into this account. The staff wages and any regular payments for the smooth running of the Pre-school are paid out of this account. Cheque books and payment books are available for this account but no debit cards.

The Petty Cash Account

This account is used for the Managers and senior members of staff to make small purchases on behalf of You and Me Preschool via debit card. A total of £200 will be kept in the account to cover expenditure. No cheque book or payment book is available for this account.

Any suspected fraudulent activity on any of the above accounts will be reported to the management committee and also the Charity Commission.

Method

We will meet our aims by following the procedures below:

Budgetary Control

The Business Manager will be responsible for monitoring the charity's financial performance against budget. This document does not aim to bind individuals undertaking the role to specific system of control but suggest that proper and realistic estimates of income and

expenditure need to be made for each area of the charity's activities for each financial year. The budget should be agreed by the trustees as soon as practically possible from the beginning of the financial year. (Currently You and Me Pre-School's financial year begins in September.)

The Business Manager should share monthly financial information with the Treasurer and quarterly financial information with the management committee. Monitoring procedures should identify and seek explanations for significant over or underperformance of both income and expenditure plans. Reporting of financial information should be understandable, accurate and timely. It should include a comparison of budget to actual figures, an explanation of variances between forecast and actual and details of cash flow and closing bank balances.

Fees Procedure (including Late Collection Penalty, Late Payment Procedure and Notice Period)

The fees procedure will meet the requirements of the Free Early Education Entitlement guidelines and will be administered by the Business Manager. Trustees will retain overall responsibility for work undertaken by the Business Manager and the Treasurer will review reports of transactions independently of the Business Manager.

Fees are set by the management committee and are reviewed annually in April. Parents will be given 6 weeks' notice of any changes to fees, terms and conditions.

The pre-school shall charge a non-refundable registration fee for a child to be added to our waitlist.

Invoicing

- Invoices will be produced for parents, either in electronic or hardcopy format every half term. Invoices for ad-hoc sessions will be invoices as required.
- Invoices will clearly show the number of zero cost sessions, where FEEE are being received.
- Payment will be accepted from parents in the form of child care vouchers and BACS transfer.
- A voluntary contribution will be charged for Child Enrichment, which will reflect the amount spent on snacks and craft supplies as far as reasonably practicable.
- Parents will be given 7 working days to pay their invoice in full.

Late Collection Penalty

In line with our Uncollected Child Policy, all parents/guardians will be given a five minute grace period on late collection of their child. If your child has still not been collected 5 minutes after the session has ended then a £10.00 charge will be levied and for every 10 minutes thereafter. Unreasonable and/or persistent lateness may result in the child's place being withdrawn at the discretion of the management committee.

Late Payment Procedure

Where there is late payment of fees the following procedure will apply:

- A written reminder will be given to the parent allowing a further 5 working days for payment.
- An opportunity to stage payments will be offered if the parent demonstrates hardship.
- Non-payment of the invoice after 5 working days after the reminder letter may result in the child's place being withdrawn at the discretion of the management committee.

Notice Period

Withdrawal of a child from You and Me Preschool must be preceded by 6 weeks' notice in writing. If this is not given, the half term's fees will be charged in lieu of notice.

Banking

The following safeguards will apply to protect the pre-school's funds and the committee and staff:

The full committee must be notified of which trustees/staff have access to the bank accounts.

- Cheque books are to be kept in a secure place.
- No pre completed cheques will be signed.
- Cheques and cash should be banked regularly and promptly.
- Receipts/invoices and other appropriate documents will be obtained for all payments and monies received. Receipts and payments must be recorded accurately.
- Cheque stubs and payment stubs should be completed fully.

Managing Accounts

Trustees have legal responsibility to keep accounting records and to prepare an annual report and accounts with the appropriate level of external scrutiny. Accounting records must be kept for a minimum of 3 years.

- Details of account debits and credits will be entered into the payment spread sheet and reconciled with bank statements at least once a month.
- An analysis of income and expenditure will be completed monthly and checked against the budget.
- Each management committee meeting will include a financial update.
- At least once every term the payment books, bank statements and accounts will be checked by the Treasurer.
- No less than 1 committee member and 1 member of staff will have access to online bank accounts.
- Ensure the Trustees' the Annual Report, account and annual return are filed on time with the Charity Commission and Companies House.

Petty Cash Debit Cards

In order for Managers to make purchases on behalf of You and Me Pre-School we will provide debit cards. The purpose of the debit cards is to pay for small items of expenditure, such as snacks and cleaning materials.

Debit cards will be issued to the Managers. Debit cards are assigned to named individuals and must be used by that individual only. Any individual found to be passing their debit card and personal PIN to another member of staff will be subject to disciplinary action.

No weekly spend should exceed £50 unless prior approval from the Business Manager or Chair has been granted.

A total of £200 will be kept in the account to cover expenditure, with funds being transferred from the main account upon submission of the weekly petty cash expenses claim form. Individuals are responsible for all spending made with their debit card. Any expenditure not claimed via the weekly petty cash expenses claim form will be raised to the individual and must be resolved within a 2 week period.

All debit cards are the property of You and Me Pre-school and must only be used for You and Me Pre-school purchases. Debit cards must be returned if the employee leaves or upon request by the management committee.

Expenditure/Purchasing Controls

Only Managers, senior members of staff and nominated committee members are authorised to purchase goods and services on behalf of the preschool. Prior to purchasing an item, the individual must ensure that the best value of money is identified.

All purchases must be within an agreed spending plan or budget. No purchase over £50 can be made without prior approval. The Chair is able to authorise individual expenditure (by the Managers) to £100. Expenditure in excess of £100 must be approved by the management committee.

The only exception to this rule are purchases made by the Business Manager with GLS and Hope Education. The pre-school has an account with both of these supplies to allow for the purchase of craft equipment and larger cleaning items (such as soap for the dispensers, rubber gloves, etc). The Business Manager is allow to place orders up to the value of £200 with either of these supplies without prior approval.

Goods and services should be checked to ensure they match the order before invoices are submitted for payment.

All invoices must be signed and dated by the requester and approved by the Manager or a nominated committee member before being submitted to the Business Manager for payment. When an invoice is paid it must be marked as such before filling.

Expenses

Trustees and members of staff are allowed reasonable out of pocket expenses. All expenses must be accompanied by an expense claim form.

Expense claim forms must be completed correctly and a valid receipt is required for reimbursement of all purchases. If the receipt has been lost the individual is required to submit the details to the Chair and it will be the Chair's decision if the claim will be reimbursed.

Claim forms must be signed by the requester and approved by the Manager or nominated committee member before being submitted to the Business Manager for payment. It is the responsibility of the Manager or nominated committee members to ensure that the expenses claim form has been completed correctly before approving the claim.

Expense claims will be settled by BACS transfer.

Fundraising

All fundraising events must be profitable for You and Me Pre-School as far as can reasonably be foreseen.

Under no circumstance should any individual use or loan their personal money to act as a float for a preschool event. The Business Manager will cash a pre-school cheque to generate all float money. The float will be handed over to the Treasurer who will retain responsibility for the amount and issue the float as deemed necessary.

For each fundraising event the following should be recorded by the Treasurer:

- Total of the money collected for the event.
- A list of expenses incurred for the event.
- A profit and loss sum for the event.

Assets

An inventory of preschool assets is kept and updated when required by the Manager. The Manager is responsible for completing an inventory check at the end of each pre-school year.

Write-offs and the disposal of surplus stocks and equipment are undertaken in accordance with health and safety guidance and authorised by the Manager.

This policy was adopted by	_____ You and Me Pre-School
On	_____ 16 July 2024
Date to be reviewed	_____ July 2025
Signed on behalf of the provider	_____
Name of signatory	_____ Pete Gordon
Role of signatory (e.g. chair, director or owner)	_____ Chair