

General Welfare Requirement: Organisation

Providers must plan and organise their systems to ensure that every child receives an enjoyable and challenging learning and development experience that is tailored to meet their individual needs.

Finance

4.10.2 Financial Controls Policy

Statement of Intent

At St Joseph's Pre-School we aim to ensure that that we evaluate the Pre-School's performance against legal requirements and good practice recommendations set out in the Charity Commission's guidance (CC8) on [internal financial controls of charities](#).

Aim of Policy

This document sets out St Joseph's Pre-School's policy with regards to financial controls in all aspects associated with the operation of the Pre-School. This policy will be reviewed annually by the Committee.

Internal financial controls reduce, but do not eliminate the risk of losses through theft and fraud, bad decisions, human error, breaches of controls, management override of controls and unforeseeable circumstances. If any of these things do happen then internal financial controls should also help the Committee members (i.e. trustees) to find out sooner and take necessary action.

The aims of internal financial controls are:

- to protect the charity's assets;
- to identify and manage the risk of conflicts of interest, loss, waste, bribery, theft or fraud;
- to ensure that financial reporting is robust and of sufficient quality; and
- to ensure that the Committee comply with charity law and regulation relating to finance.

No system of controls, however elaborate, can guarantee that a charity will be totally protected against loss, waste, bribery, theft or fraud, or mistakes or mismanaged conflicts of interest. Having sufficiently rigorous controls does provide protection for the charity's assets and is the best defense for the Committee members against the charge of failing to protect the charity's assets and funds.

The Deputy Treasurer (if and when there is one) has the same authority as the Treasurer and can carry out any of the activities/authorisations listed within this policy in order to facilitate coverage and also succession planning.

Financial records and accounting

St Joseph's Pre-School keeps financial records so that:

- the setting meets its legal and other statutory obligations, such as Charity Acts, HM Revenue & Customs (HMRC) and common law;
- the Committee, acting as trustees, have proper financial control of the Pre-School; and
- the Pre-School meets the contractual obligations and requirements of funders, ie. Gloucestershire County Council (GCC) and the nursery education funding.

The books of accounts which the Pre-School hold include:

- a cashbook analysing all the transactions appearing on the bank account, Paypal and petty cash accounts (held electronically);
- an annual cash flow forecast (produced in the Summer term for the following year, held electronically);
- complete annual accounts, which have been independently examined and submitted to the Charities Commission within reporting deadlines;
- complete payroll files (including timesheets) and all HMRC submission files.

Banking

St Joseph's Pre-School will bank with HSBC Bank plc at its Stroud Branch. Accounts will be held in the name of St Josephs Hill Tots Pre-School. The following accounts will be maintained:

- Account 1 : current account
- Account 2 : savings account

There are usually at least two account signatories; the Treasurer and Chair. Cheques must be signed by two signatories, the Chair and Treasurer. Online payments can be approved by either the Treasurer/Deputy Treasurer or the Treasury Administrator. Any changes to the bank mandate (list of people who can sign cheques on the Pre-School's behalf) will always be approved and minuted by the Committee.

St Joseph's Pre-School will require the bank to provide a statement every month. As the statement dates don't coincide with the month end date the Treasurer will download a list of transactions for the complete month from the online banking system and these will be reconciled with the cash book each month.

St Joseph's Pre-School will not use any other bank or financial institution or use overdraft facilities or loan without the agreement of the Committee.

Payments can be made into the Bank Account via a HSBC branch or via the Post Office. However, Post Office deposits can now only be made with a debit card, deposit card or a paying-in slip with a barcode. The Treasurer holds a deposit card for making payments into the Pre-School bank account. You are only able to pay £1,000 at small post offices and no more than £250 of this should be in coin. If there is excess coin to be paid in the Treasurer will pay this into their personal account and withdraw the notes to pay into the Pre-School account and provide the deposit and withdrawal receipts for back up (which will be saved into the Treasurer G drive in the relevant financial month folder).

Where it is not possible to pay cash deposits into the Bank or via the Post Office (either due to timing issues or the lack of a paying in method as above), the Treasurer will make a personal bank transfer into the Pre-School account and provide a paper trail which will be signed by the Chair/Secretary.

Account controls and procedures

Annual accounts

The financial year runs from 1st September – 31st August. All receipts and payment information for the year is finalised within 1 month of the end of the financial year by the Treasurer and then reviewed with the Chair.

The Treasurer will appoint an appropriately qualified independent examiner to examine the end of year accounts. If the Treasurer is unable to appoint someone to complete this on a voluntary basis, they will obtain at least two quotes and the Committee will approve the appointment and subsequent expenditure.

The Independent Examiner's report, the final accounts and the Trustees' Annual Report are presented at the AGM in the Autumn Term. They will then be submitted to the Charity Commission via the Annual Return online portal within the 10 month deadline (ie. by 30 June the following year), but ideally by 31st December.

Monthly accounts

Monthly accounts are prepared at the end of each month and reports include a bank reconciliation, monthly payments and receipts, a monthly summary by category and a year to date summary versus the budget. The Treasurer reviews these along with the bank statement to make sure all payments and receipts agree with the bank statement. A copy of the monthly management information pack is reviewed and signed off by the Chair and the Treasurer each month.

The latest complete set of monthly accounts, along with the current bank balances and any significant transactions occurring in the current month, are presented by the Treasurer at each Committee Meeting.

Cash flow forecast

An annual cash flow budget (split by month and income and expenditure categories) for the next financial year is prepared in the Summer term by the Treasurer with input from the Lead Practitioner. Actual income and expenditure is compared against this throughout the year (both for the current month and year to date), with variances explained.

The cash flow forecast for the current year is reviewed in December of each year to provide the latest view of the expected financial position for the Pre-School. This will require the Treasurer reviewing planned income and expenditure and updating income based on the latest registers. This review of the forecast will provide the backdrop to financial discussions taking place in January/February with regards to the annual pay review (effective April).

Each forecast will be presented to the next Committee meeting and the Treasurer will identify any significant deviations from the original budget. Any decisions resulting from these discussions will be recorded in the minutes.

Income

All monies received will be recorded promptly in the cash analysis book and banked without delay (this includes sundry receipts such as payment for telephone calls, photocopying etc). The Pre-School will maintain files of documentation to back this up.

Where payments are received by the Lead Practitioner for payment of additional sessions in advance (following a £10 late payment charge within a pre-school year), these must be submitted in a sealed envelope, addressed to the Treasurer, with the child's name and the reason for and amount of payment). This should be held securely until it can be passed to the Treasurer (within one week).

For other payments received in cash (i.e. for a charity dress down day, Pre-School trip or payment of an invoice, but excluding payments for raffle tickets or at an event which are dealt with in the Petty Cash (Floats for Events) process later in this document) a Cash Payments for Banking voucher will need to be completed by the Treasurer to confirm who the monies were received from, how much and for what. This will be banked as soon as possible. Until that time it will be kept in the locked petty cash tin.

	A	B	C	D	E	F	G
1	Cash Voucher						
2							
3							
4	Payee	£	Description of Payment				
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16	Total		0				
17							
18	Signed by Treasurer						
19							
20	Date						
21							
22							
23	Date Paid into Pre-School Account						
24							

The Treasury Administrator is responsible for the invoicing and collection of fees with regards to the termly invoices sent to parents/carers of children who attend the setting. Termly Sales Ledgers and invoice spreadsheets will be created and maintained. These are stored on the Treasurer's G drive. The Treasurer will check accuracy before termly invoices are issued.

- Parents are requested to pay childcare fees, where possible, via a bank transfer and/or childcare vouchers. The bank account is checked regularly for receipts and each deposit is recorded in the appropriate termly invoice spreadsheet and invoice log by the Treasury Administrator. The Treasurer will reconcile this with the accounts.
- Any cash/cheques received in payment of a termly invoice will be recorded by the Lead Practitioner or Deputy Practitioners, the monies forwarded to the Treasurer and the Treasury Administrator will be informed accordingly.
- Parents of eligible children are required to complete Termly funding forms (3 per year) with regards to free childcare for 2, 3 & 4 year olds within stipulated deadlines. The Treasury Administrator reconciles the monies received from GCC against what was submitted. Anomalies are investigated. Any additional income received, eg. early years pupil premium is noted and the Lead Practitioner informed.
- Any payments made via the Pre-School Paypal account (e.g. in relation to raffles, uniform payments etc) are transferred to the Pre-School bank account at the end of each month to enable the Treasurer to record all income and expenditure in the Pre-School accounts.

The Treasurer is responsible for ensuring:

- cheque and cash receipts are promptly recorded in the accounts and banked regularly;
- Records of cheques, cash and direct receipts into the bank account are checked against the bank statement on a monthly basis.

Debts

The Treasury Administrator is responsible for identifying overdue bills and sending initial chasers in line with the debt policy (4.10.3 Debt Procedure)

If payment remains outstanding the Treasury Administrator will escalate the matter to the Treasurer.

Payments (expenditure)

The Treasurer is responsible for settling all bills and expenses promptly as well as for paying the staff wages.

The Treasury Administrator is responsible for ensuring that monthly pension payments are made, where applicable, to the National Employment Savings Trust (NEST)¹ and ensuring the HMRC direct debit for tax and National Insurance has been collected.

Payments by cheque

Where payment by cheque is required, cheques must be signed by two bank signatories, the Chair and the Treasurer. A cheque must not be signed by the person to whom it is payable (you will have to ensure that you have enough signatories on your bank mandate).

The Treasurer is responsible for holding the cheque book(s), including unused and partly used cheque books) which should be kept under lock and key.

- Blank cheques will NEVER be signed.
- The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- No cheques should be signed without original documentation, the only exception being advanced bookings fees for training courses for staff.

Payments by bank transfer

See section entitled "internet banking controls and procedures".

Payments by Direct Debit

Direct Debits are only set up after written authorisation from the Treasurer, with the original direct debit mandate signed by two signatories. A list of direct debits is signed annually in September by the Treasurer and Chair to authorise their continuation.

Payments by Credit/Debit Card

The Lead Practitioner holds a debit card for the Pre-School to enable purchase of equipment and supplies previously bought through expenses. The Lead Practitioner is aware that the withdrawing of cash is a disciplinary action.

The Lead Practitioner has full budget holder responsibility for both EYPP and DAF spending. The Lead Practitioner (in conjunction with the team and the parents) will identify the necessary resources to meet the needs of the child. If there is any doubt around whether a particular

¹ Defined contribution workplace UK pension scheme

item of expenditure is covered by EYPP funding the Lead Practitioner will liaise with the Treasury Administrator to confirm and seek final authorisation from the Chair or Treasurer. Spending above the level of EYPP/DAF funding received would need written authorisation from the Chair ahead of orders being placed.

For non EYPP and DAF spending, the Lead Practitioner can make debit card purchases for items within the agreed budget (as provided by the Treasurer) up to a value of £100 per single item. For all expenditure above that level, or outside of the agreed budget, authorisation (by the Chair) will be required before the purchase takes place.

For each purchase the Lead Practitioner will use the Lead Practitioner's HSBC Debit Card template - see below) to record the details of the transaction (including any order confirmation/invoice/receipt etc and the emailed authorisation from the Chair - where required, on the Backup tab). All supporting documentation is required by the Treasurer by the end of the month in which the expenditure took place (at the latest) to ensure timely preparation of the monthly reports.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Business Card Transactions														
2															
3	Name	Natalie Powers													
4	Period	Feb-23													
5															
6	Transaction	Date	Supplier	£	Description	Category	£	Category	£	Category	£	Cross charge 50% to OOSC			
7	1	1/2/2023	Amazon	55.00	supplies for easter	Supplies	15.00	Consumab	15.00	Office Equipme	25.00	Y/N	£ OOSC	Detail	
8	1			25.00	stuff just for preschool	Supplies	25.00							reference for OOSC	
9				0.00											
10				0.00											
11				0.00											
12				0.00											
13				0.00											
14				0.00											
15				0.00											

Each month, as part of the month end process, the Treasurer will reconcile the debit card payments with the evidence provided by the Lead Practitioner.

Expenses/allowances

St Joseph's Pre-School will reimburse expenditure paid for personally by

(a) staff – providing:

- o cheque and cash receipts are promptly recorded in the accounts and banked regularly;
- o expenditure is evidenced by receipts (scanned copies accepted);
- o car mileage is based on [HMRC](#) scales and claims are authorised prior to journeys;
- o authorised regular expenditure evidenced by bank account payments, eg. monthly mobile top ups (scanned copies accepted);
- o authorised contribution to Lead Practitioner for water and electricity provided for laundry

(b) Committee – providing:

- o expenditure is evidenced by receipts (scanned copies accepted);
- o car mileage is based on HMRC sales and claims are authorized prior to journeys.

Expenses will be repaid to members of staff and committee members on a Friday. If there are exceptional circumstances and payment is required sooner, then the member of

staff/committee member should make this clear to the Treasurer when the expense is submitted.

Wages and Salaries

There will be clear trail to show the authority and reason for EVERY such payment, ie. completion of PATA payroll paperwork, PATA payroll monthly email detailing payments to HMRC and NEST. All employees will be paid within the PAYE and National Insurance regulations. Staff wages are paid by a BACS transfer on the last working day of the month for their regular hours worked in the month and any overtime submitted by payroll cut off.

Approval of additional hours for existing members of staff (including Bank staff) in relation to supporting SEN needs, where the cost is fully covered by under-utilised funded hours, can be authorised by the Chair, Treasurer and Secretary without requiring full Committee approval. This will be reported and minuted at the next Committee meeting.

Approval of recruitment or additional hours for existing members of staff (including Bank staff) where the costs are not fully covered, must be obtained from the Committee. If timing precludes this being discussed and agreed at a Committee meeting this can be agreed via email following a disclosure of the rationale and the cost implications. This will then be minuted at the next Committee meeting.

For all staff appointments/departures, PATA Payroll paperwork will be completed and submitted accordingly. Similarly, all changes in hours and variable payments such as overtime, etc, will be recorded on the monthly payroll paperwork (as necessary) and authorised by the Treasurer prior to submission to PATA payroll. Electronic copies of these documents will be kept for a period of 6 years as per Policy 5.7².

The Treasury Administrator is responsible for

- creating annual salary calculations for all staff prior to the start of the Pre-School year, and for amending these due to
 - permanent increases/decreases in staff hours; and
 - changes in staff hourly rates, eg. in response to annual national minimum and living wage rates;
- preparing the monthly payroll paperwork and forwarding to the Treasurer in a timely manner, for submission to PATA by the required deadline.

Petty Cash (Floats for Events)

The Pre-School has a very limited Petty Cash float which is held by the Treasurer. The petty cash is only used to provide floats for the termly cake raffles and any other events (i.e. the Easter Tombola as part of the PTA Easter Fayre).

All expenditure by staff (outside of expenditure on the lead practitioner's debit card) is now reclaimed via the staff expense policy on presentation of relevant receipts and a completed expense form.

² Policy 5.7: Retention periods for records

Where floats are required for the cake raffle (i.e. £20 for Year 6, £10 for Chair and £10 for Treasurer) and other events, the Treasurer will prepare the floats and ask each recipient to sign a cash voucher form (see below) to confirm receipt of the float.

At the end of the event, the proceeds will be counted up and documented on the cash voucher form. This should be witnessed and signed by two individuals (one of which must be a Committee member, Pre-School staff member or St Joseph's School staff member).

The cash and form are then given to the Treasurer who will return the float to the Petty Cash and record the balance as the event takings in the financial accounts. Any excess above the £100 Petty Cash float is then paid into the Pre-School bank account as soon as possible (but must be done before the end of the year).

Any floats or income raised that is held in cash awaiting an event or banking should be kept in a locked box and the key kept securely away from the box.

The Petty Cash is reconciled on a monthly basis as part of the month end process.

See 4.11 Petty Cash for more information

Cash Voucher			
Event:			Date: _____
	Float paid	Cash at end of event*	* inclusive of original float
£20			
£10			
£5			
£2			
£1			
50p			
20p			
10p			
5p			
2p			
1p			
Total	0 a	0 b	Total Event Takings (b-a)
Float received by: Name: _____ Date: _____ Signature: _____			
Cash totals counted by: Name: _____ Signature: _____ Name: _____ Signature: _____			
Reconciled by Treasurer: _____ Date paid into Bank: _____			

Internet banking controls and procedures

Electronic payments are used for staff wages and other business purchases as it is a convenient and efficient way of managing transactions. The Treasurer and Treasury Administrator have access to online banking in order to monitor the bank account, both have the authority to set-up and authorise payments.

- the Treasurer has a payment authorisation limit of £10,000;
- the Treasury Administrator has a payment authorisation limit of £2,000;
- all electronic payments have to be authorised by two signatories, generally the Chair authorises the expenditure in advance by email (unless it has already been authorised

within the budget signoff process) and the Treasurer authorises it by setting up the payment on receipt of the invoice;

- all computers with access to online banking facilities are secure and up to date with anti-virus, spyware and firewall software;
- passwords and PIN's are kept confidential;
- evidence of each electronic banking transaction is stored in the relevant month accounts file (i.e. copies of invoices etc);
- monthly accounts are prepared at the end of each month and reports include a bank reconciliation, monthly payments and receipts, a monthly summary by category and a year to date summary against budget. The Treasurer reviews these along with the bank statement to make sure all payments and receipts agree and investigates any variances to budget.
- all transactions shown on the monthly bank statement are reviewed and checked by the Treasurer. The bank statement and monthly management accounts are then signed by the Chair and Treasurer each month to confirm that all transactions are in order.

Banking Details Checks

When a new supplier is used for the first time a bank details check will need to be carried out in order to add their details to the banking system. On receipt of an invoice with payment details, the Treasurer or Treasury Administrator will call the supplier and ask for someone to confirm the bank details. Their name and the date are recorded in a bank details check record which is stored on the Treasurer's G Drive (Administrative/Banking/Bank Details Checked).

Other rules

St Joseph's Pre-School does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost the Charity in excess of £1,000 per single item must be authorised and minuted by the Committee. If this is authorized outside of a Committee meeting (i.e. by email) then it should be minuted at the next Committee meeting.

In exceptional circumstances such undertakings can be made with the Chair's approval who will then provide full details to the next meeting of the Committee. (This covers such items as the new service contracts, office equipment etc).

All grant applications undertaken on behalf of St Joseph's Pre-School will be done in the name of the setting with the prior approval of the Committee or in urgent situations the approval of the Chair who will provide full details to the next Committee meeting.

The Chair is responsible for signing the annual Local Provider Agreement with Gloucestershire County Council with regards to the receipt and use of Nursery Education Funding. The Treasurer assisted by the Treasury Administrator will ensure that the Pre-School adheres to the financial requirements set out in the Agreement.

All fundraising undertaken by St Joseph's Pre-School will be done either in the name of the setting or in conjunction with St Joseph's Catholic Primary School's PTA or St Joseph's Out of School Club. Prior approval of the Committee to fundraising activities is required and recorded in the termly minutes.

St Joseph's Pre-School will adhere to good practice in relation to its finances at all times, eg. it will maintain a fixed asset register with regards to Pre-School equipment (ie. early years educational items etc which will be reviewed annually by staff). Additionally the Pre-School will maintain a property record of items of significant value (eg. laptop(s), ipads, photocopier etc), with an appropriate record of their use.

St Joseph's Pre-School will maintain a stringent reserves policy and review this annually in April (following the annual pay review) to ensure the reserves held remain sufficient for the level of redundancy costs payable as well as 3 months running costs (based on September to December expenditure in the last year).

Associated policies and procedures

- 4.10.1: Reserves Policy
- 4.10.3: Debt Procedure
- 4.11: Petty Cash
- 5.7: Retention Periods for Records

Version Number	Author	Purpose of change	Date
1.0	L Farrer & K Coupe	New policy in line with requirements/recommendations of the Charity Commission's Financial Controls Checklist.	30/04/2023 Chair (A Hitchings)