

Safeguarding and Welfare Requirement: Administration and Committee

Ensuring transparency and clarity for everyone involved in the running of the Pre-school.

11.5 Financial controls

Policy statement

This Financial Controls policy has been devised to ensure that Little Fingers Pre-school can meet its legal and other obligations, e.g. Charities Act 1993, Companies Act 2006, HM Revenue and Customs and common law.

It has also been devised as a tool to ensure transparency in handling all income and expenditure of the pre-school and to support financial planning, in order to ensure that the charity can meet its obligations to members and users of the organisation, in ensuring that income and property of the pre-school is applied solely to furthering the objects (central aims) of the pre-school.

This policy is based on guidance document from:

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Procedures

1. Introduction

1.1 Financial records will be kept so that Little Fingers Pre-school can:

(a) Meet its legal and other obligations, e.g. Charities Act 1993, Companies Act 2006, HM Revenue and Customs and common law.

(b) Enable the trustees to be in proper financial control of Little Fingers Pre-school.

(c) Enable Little Fingers Pre-school to meet the contractual obligations and requirements of funders.

- 1.2 Little Fingers Pre-school will keep proper books of accounts, which will include:
- (a) Monthly Cash Sheets analysing all the transactions in the pre-school's bank account(s).
 - (b) A petty cash book if cash payments are being made.
 - (c) Records of Inland Revenue deductions made on behalf of staff.
- 1.3 The financial year will end on the 31st August each year.
- 1.4 Accounts will be drawn up after each financial year within six weeks of the end of the year and presented to the next Annual General Meeting - usually in October.
- 1.5 Prior to the start of each financial year, the trustees approve a budgeted income and expenditure account for the following year.
- 1.6 A report comparing actual income and expenditure with the budget is presented to the trustees at every committee meeting.
- 1.7 The AGM will appoint an appropriately qualified examiner to examine the accounts for presentation to the next AGM.

2. Banking

- 2.1 Little Fingers Pre-school bank with Santander, Bridle Road, Bootle, Merseyside L30 4GB. Accounts are held in the name of Little Fingers Vernham Dean Pre-school. The following accounts are maintained:
- Little Fingers Vernham Dean Pre-school - Current Account
 - Little Fingers Vernham Dean Pre-school - Savings Account
- 2.2 The bank mandate will always be approved and minuted by the trustees as will all the changes to it.
- 2.3 Little Fingers Pre-school requires the bank to provide on-line statements every month and these will be reconciled with the cash book on a monthly basis and countersigned by the treasurer or chairperson at least every 3 months, signing the cash book accordingly.

2.4 The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

3. Receipts (income)

3.1 All monies received will be recorded promptly in the Cash Sheets and banked without delay (note this includes sundry receipts such as payment for telephone calls, photocopying etc.). Little Fingers Pre-school will maintain files of documentation to back this up.

4. Payments (expenditure)

Little Fingers Pre-school aims to ensure that all expenditure is in respect of the charity's business and is properly authorised by the treasurer and chairperson.

Little Fingers Pre-school does not have a cheque book.

4.1 Electronic banking

In line with Charity Commission guidance, the use of electronic banking is authorised for specific purposes and in accordance with procedures agreed by the committee on 9th March 2016.

- Checking of account balances and reconciliation of accounts
- Payment of staff salaries, with amounts subject to approval by a committee officer and according to procedures set out in 5.3 below. Online payments should only be carried out once approved by the treasurer /chairperson

- All other payments to be made online, once approved by the treasurer and chairperson

5. Payment documentation

5.1 Every payment out of the Little Fingers Pre-school's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by the Little Fingers Pre-school and filed. The signatory should ensure that it is referenced with:

- Date of transaction
- Amount of transaction
- Who signed off the transaction

- 5.2 The only exceptions to transactions not being supported by an original invoice would be for such items as advanced booking fees for a future course, deposit for a venue, VAT, etc.
- 5.3 Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; On a monthly basis, staff wages (including any adjustments for Statutory Sick pay or holiday adjustments) will be recorded on a Payroll sheet to be countersigned by the treasurer / chairperson prior to online payments being made in the presence of a committee officer. Any staff member involved in additional administrative duties will be required to record those additional hours and to be paid in accordance with their normal hourly rate, subject to approval of the treasurer / chairperson.
- 5.4 All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised by the Pre-school Manager / Treasurer or Chairperson
- 5.5 Petty cash will always be maintained on the imprest system where by the Administrator is entrusted with a float as agreed by the trustees. When that is more or less expended, a transfer for sufficient funds to bring up the float to the agreed sum, the transaction being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.
- 5.6 Expenses / allowances. Little Fingers Pre-school will, if asked, reimburse expenditure paid for personally by staff, providing: (See policy on Expenses)
- Fares are evidenced by tickets.
 - Other expenditure is evidenced by original receipts.
 - Car mileage is based on local authority scales.
 - No signatory signs for the payment of expenses to themselves.
- 6. Cash cards**
- 6.1 Hole in the wall type cash cards will not be used and if issued by the bank they will be immediately cut in half.

