

Little Saints Preschool

Finance Policy

Written by: Lorna Harding – October 2024
Reviewed by: Luisa Viscione & Carole Sale – October 2024
Adopted at meeting on:
To be reviewed next: October 2026

1. Governance

The ultimate responsibility for the financial planning and administration of the Pre-School is invested in the Trustees. However, the responsibility for supervision, monitoring and planning is delegated to the Treasurer, who reports periodically to the Trustees. The scope of this delegated responsibility is specified further below.

Treasurer delegated responsibilities

The Treasurer is responsible for all matters financial in the PreSchool, including, but not restricted to: drawing up and submitting to the full Trustees the draft of the PreSchool's annual budget, after detailed discussions with the Manager;
reviewing actual expenditure against budgetary provision and generally monitoring the on-going financial situation of the Pre-School
provides information & suggestions to the Trustees for the annual review of salaries, and also for any other time requested to do so. Approval of salary changes is made by the Trustees;
Providing budgetary guidance for purchases and orders;
Ensuring relevant financial matters are placed on the Trustee Agenda through consultation with the Chair person;
Maintaining up to date with national and local government developments relating to the finance of the Preschool.

2. Pecuniary Interests

The Trustees should establish a register of pecuniary interests for the members and staff which should be open to inspection. For example, members and staff should declare any links they have with local firms from which the Preschool may wish to buy goods or services. It is important for anyone involved in spending Preschool money to demonstrate that they do not benefit personally from decisions that they make.

3. Financial Planning

Basis of annual budget & financial objectives

The Preschool's finances should be managed based on the annual budget and reforecast.
The financial objectives of the budget/forecast are:
to maintain sufficient cash reserves to meet short-term operational emergencies and to enable the Trustees to plan confidently in to the medium term
to ensure that the pupils at the Preschool receive appropriate benefit from the Preschool's funding

Budget

An annual budget is prepared in the Summer term for the following academic year, by the Treasurer and with input from the Manager. It should be based on known incomes & expenses where possible and reasonable estimates where not.

The budget is then updated regularly for known actuals, and in more detail for the Spring & Summer terms later in the year to form a reforecast and to track the projected results against.

As part of the budget/forecast process, the cashflow forecast should also be considered to ensure that there are sufficient funds for planned expenditure.

The Trustees should agree the original budget and be kept informed of the progress against budget and the reforecast throughout the academic year.

New Initiatives

Any new initiatives should be carefully appraised in relation to all likely costs and benefits and their financial sustainability before being approved by the Trustees.

Closure costs

Annually, the statutory closure costs are calculated. These financial obligations are ringfenced to ensure they can be met in case the business ceases to operate.

Reporting actual costs Vs Budget/forecast

The Treasurer prepares a monthly report of actual costs against budget and sends it, along with an analysis to the Manager & Chair. Exceptional and unexpected income & expenditure should be highlighted separately.

The income & costs are categorised in sufficient meaningful detail for the Manager & Chair to make informed judgements.

The Treasurer should prepare a report for the Trustees before each Trustee meeting, showing the detailed income & expenditure items and summarising it with written analysis.

Significant updates to the budget/forecast should be approved by the Trustees or, in an emergency, e.g. Health & Safety, by the Chair person.

4. Income

The Trustees have established a charging policy for the supply of goods and services. The Manager is responsible to the Trustees for accounting for all income due and cash collected as set out in the charging policy.

Where invoices are required, they are issued promptly and in numerical order.

Receipts and other documents recording income are kept securely.

Cash is locked away to safeguard against loss or theft. When it is handed over to the Treasurer for banking, it is logged and signed for.

Cash is paid in to the Preschool bank account on a regular basis.

The Manager reconciles the monies received against invoices issued.

The Treasurer records all income in the accounting system each month.

5. Purchases

The policies and guidelines for purchasing goods & services are designed to ensure:

Efficiency in the purchasing process

Security in the separation of duties and authority

Assurance that the Preschool will be obtaining value for money in terms of quality and pricing.

Approval Levels

Up to £500 – The Manager & Deputy can make purchases for the day-to-day management of the Preschool of up to £500. These include, but are not limited to, staff training courses, snacks, resources, stationery, fund raising resources

Up to £1000 & for non-day to day management purchases – the Treasurer has delegated authority to approve the purchase of the items / services. Where time and practicality permit, alternative quotes should be obtained.

Over £1000 – At least 3 quotations should be obtained. The Manager should refer the quotations, together with her recommendations to the Trustees. Where urgency dictates, this consultation may be carried out informally, though a full report should be ratified at the next Trustee meeting.

Following discussions and agreement the Trustees will then authorise the Manager to make the relevant purchase if that is their decision.

Payment of purchases

The Manager confirms that a payment is to be made, by signing the invoice or by sending approval by email to the Treasurer. This indicates that the goods or services have been satisfactorily received. Payment should not be made unless an appropriate invoice has been received and approval for payment given.

If payment is requested up front, without an invoice, agreement should be sought from the Treasurer before agreeing to the terms.

Payment should only be made if:

Expenditure has been properly incurred and not already been made

The invoice is correctly supplied & contains all information needed, as per HMRC guidance

Arithmetic is correct

All relevant discounts are applied

The Treasurer inputs all electronic payments to be made & ensures there are sufficient funds in the current account to make the payment

Two further signatories are informed that the payments are ready to approve.

6. Petty Cash

The Manager can hold petty cash up to a maximum of £40 and this can be replenished by the Treasurer if needed

A record of expenditure is kept

7. Banking

Bank account

Lloyds banking system is used to make electronic payments

Signatories

There should be sufficient signatories appointed (preferably 3) and the Treasurer is able to input, view & make internal transfers only to maintain the segregation of duties.

All electronic payments require 2 signatory approvals. Where possible, a 3rd person, inputs the payment details.

Bank Statements

Bank statements can be obtained online and current account paper statements are sent monthly and filed.

Recording bank entries to produce management accounts

The Treasurer uploads all bank entries from the bank statement to the accounting system, Quickfile each month. There they are coded up to be used to produce the management accounts for the month. The accounts are prepared on a cash basis.

The management accounts are emailed to the Chair Person & Manager by the Treasurer each month as detailed above. They are also sent to the Trustees at each Trustee meeting.

Separate bank reconciliations are not performed monthly, as all entries are uploaded to the MIS and agreed to the bank balance. If separate bank reconciliations are required, they will be completed by the Treasurer.

Surplus funds management

Funds in the current account that are surplus to immediate payment requirements, can be placed in to the interest-bearing savers account by the Treasurer. Each time the Treasurer makes a transfer, they inform the Chair & the Manager. The Manager informs the Treasurer of any significant upcoming payments that may affect the balance and therefore require funds to be moved back.

Cardnet – electronic payments

Lloyds Bank provide the Cardnet device to be able to take electronic payments in the setting. The Cardnet device and associated access passwords are maintained by the Manager.

Large payments

Any purchases made over £1000, should be notified to the Trustees and approved. This excludes rent, insurance and payroll.

8. Signatories

There should be sufficient signatories appointed (preferably 3) and the Treasurer is able to input, view & make internal transfers only to maintain the segregation of duties.

All electronic payments require 2 signatory approvals. Where possible, a 3rd person, inputs the payment details.

9. Payroll

Payroll maintenance

It is the responsibility of the Trustees, aided by the Treasurer, to carry out correct procedures for the administration of personnel activities, concerning appointment, terminations and promotions.

The Treasurer ensures that all of the information required in the payroll system, that HMRC need, is input ready for the first payroll payment for all new employees.

The Treasurer runs the appropriate reports each month / year including but not limited to: payslips, P60s, P45s. The Manager then sends them on to the individual employees.

The Treasurer and the Trustees should authorise all appointment changes to individual conditions or terminating the employment of staff.

The Manager should ensure that only authorised staff have access to personnel files and that arrangements for staff to have access to their own records are in place.

The Manager should maintain a list of all staff employed and it should be kept up to date to reflect any starters and leavers.

10. Tax

The Treasurer must keep up to date with all appropriate taxes, including but not limited to: Income Tax, Corporation Tax, VAT.

Corporation Tax returns must be submitted to HMRC on a timely basis when requested to do so by HMRC.

11. Assets

Inventories of equipment and materials shall be maintained by the Manager. Where appropriate, the inventory listing shall include the description and the price of the item. Where possible, individual items with a replacement value in excess of £10 shall be itemised separately. Where items are grouped, the number of such items shall be listed. Where possible expensive items should be security marked.

All assets should be securely and safely stored where possible.

The Trustees should authorise all write-offs and disposals of surplus stocks and equipment.

12. Annual accounts

An Independent Reviewer is appointed to review & approve the annual accounts

The accounts are prepared by the Chair Person with input from the Treasurer and Manager.

The accounts are filed with the Charities Commission.

An annual tax return is filed with HMRC, if requested to be prepared, by the Treasurer

13. Insurance

The Preschool is insured for contents and personal liability.

The Preschool should review all risks annually, where appropriate, to ensure that the sums insured are commensurate with the risks.

The Preschool must not give any indemnity to a third party without the written consent of their insurers.

The Preschool must inform its insurers of all accidents, losses and other incidents which may give rise to an insurance claim.

14. Data Security

The Trustees are responsible for ensuring that the Data Protection Act 1998 is complied with.

The Trustees should ensure that the Data Protection Commissioner and any other appropriate authorities are notified in accordance with the General Data Protection Regulation (GDPR) if there are any breaches of data. They are also responsible for ensuring that any electronic or relevant manual systems that record or process personal information, and any disclosure of that information, comply with the appropriate legislation.

15. Financial Controls

- The Trustees are responsible for ensuring that all processes and controls are adhered to as set out above.
- Any alternations to original documents, such as payroll timesheets, invoices, should be signed as approved.
- The Preschool should ensure that account records are properly maintained at all times and held in a secure location.
- Historical documents should be retained for their appropriate length of time, as defined by the nature of the information, e.g. tax records, children's data etc.
- The Manager and the Treasurer should work together to ensure that all expenditure from sources of ringfenced funding, including but not limited to SEND, Pupil Premium, Deprivation Funding, is accounted for separately and that the funding is used for its intended purpose.

16. Changes to Policy and Procedures

Any changes to this policy and any procedures that may come in to force following Government Guidance and Legislation, will be documented and enacted as required.

This policy will be regularly reviewed and updated in light of any such changes.