

GREAT LINFORD VILLAGE PRE-SCHOOL

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5.8 Financial Policy

The financial policy is split into two parts. The first part relates to the financial matters relating to the running of the pre-school, the second part relates to financial matters that have direct input/ effect on parents.

Part 1 – Committee Specific

The committee is responsible for making sure that the Preschool has enough money to operate, and that the Pre-school uses that money in accordance with its original aims and any contractual arrangements. This means

- preparing and monitoring a budget,
- looking at cash flow for the year,
- making sure wages are paid,
- fees are set,
- and other potential sources of funding are utilised

Financial Responsibility / liability

The main responsibility lies with the Treasurer Payroll and Treasurer Day to Day. The former looks after the HR element and the latter the ledger and every day finances.

Collective decisions need to be made by the committee from the financial information provided about the financing of the setting.

Committee members are personally liable for any debts incurred by the Pre-school. Any member is equally liable. Hence a reserve is required to be kept by the committee. This amount will alter over time and should therefore be reviewed on a term by term basis. The reserve money should be kept, and ring fenced in the Pre-school savings account.

The reserve is to cover any closure or any period of time when children's numbers drop dramatically. The reserve should cover closure costs such as redundancy, rent owing, and disposal of items.

The reserve should therefore be equal to

- Redundancy and 1 term of running costs

If the preschool were to close permanently for any reason then any residue funds that may be left after closure costs are to be dealt with as per 11.4 of the constitution

- *If the Pre-school is wound up or dissolved and after all of its debts and liabilities have been satisfied there remains any property or assets these shall not be paid or distributed amongst the Members of the Pre-school but shall be applied in one or more of the following ways:*
 - *transferred to the Pre-school Learning Alliance or, with the agreement of the Preschool Learning Alliance, to another pre-school established as a charity whose governing instrument prohibits the distribution of income and property to an extent at least as great*

as is imposed on the Pre-school and whose objects are similar to those of the Pre-school; or

- *In such other manner consistent with the charitable status of the Pre-school as the Pre-school Learning Alliance and the Charity Commission have approved in writing in advance.*

Tasks Required of the Treasurer and Committee

Procedures for most Treasurer task's are documented.

Forecasting and budgeting

A forecast is an estimate of the financial income and expenditure of a future period. From the forecast a budget is written.

- The Pre-school accounting period runs from January to December
- An annual forecast should be produced for committee in the December
- These should be reviewed and agreed in the Spring term
- From the forecast budgets should be set for each term and half term
- Actual income and expenditure should be monitored against the budgets
- A half term budget for consumables, toys and equipment should be agreed with the Pre-school Manager. They are then responsible for the spending of this amount.
- The Treasurer must agree expenses above and beyond the agreed half-termly budget in advance.
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Expenses

- Unauthorised expenses will not automatically be paid. In particular, payment maybe withheld until group finances permit it.
- Authorised expenses should be claimed by presentation of the appropriate receipts, within one calendar month of expense being incurred.
- Home expenses incurred by committee or staff will only be paid for as follows
 - o Administration Clerk – ink cartridges and paper as required and responsible , to be authorised by the Treasurer Admin
 - o Managers – up to 3 cartridges a year and 2 reams of paper
 - o Treasurers Every day – 1 cartridge a year
 - o Treasurer Payroll – up to 5 cartridges a year
 - o Other staff and committee should use the photocopier where possible or agree with the Chair for any additional expenses in advance
- Financial claw back for Training
 - o If a staff member has undertaken training which has been paid for by the pre-school and leaves within a set time they are expected to payback this money . The appropriate wording of the contract is as follows ;
 - *Should you leave Great Linford Village Pre-school before you have accrued annual leave entitlement to cover what has been taken, the financial equivalent to that excess will be deducted from your final salary.*
 - *Overpayments of salary will also be deducted directly from your salary.*
 - *In the event of you resigning from employment within one year of attending a course financed by Great Linford Village Pre-school, the committee reserve the right to claim the full course fees from the Employee at the end of their employment. In the case of attending a DPP / NVQ3 or higher course this is extended to two years. This does not cover the one off, one day training*

courses which are under £50.00. This does include courses or qualifications which are divided into modules and the total cost of the modules is £50 or over. The time periods stated start from the date of the certificate or of leaving the course, if the Employee did not complete the full course. The committee reserves the right to deduct this payment from the last pay back of an Employee.

Contingencies

Budgets should allow for an emergency reserve fund, for such things as unexpected redundancies, emergency repairs etc. and the amount should be agreed by the committee. As the level of financial activity changes, the size of the contingency fund will also need to change. To deal with this, you should set the contingency fund as a number of months' expenditure (rather than a fixed sum).

For example, if the group's annual operating expenditure – salaries and essential running costs - is £24,000, the average monthly expenditure is £2,000 [24,000/12]. Next year, it is expected to rise to £2,100 per month. The contingency fund has been agreed at three months. Therefore, this year, £6,000 needs to be held, next year £6,300 needs to be held.

It is a requirement of the Charity Commission that charitable groups have a policy on the level of reserves and that they maintain a reserve budget.

Annual accounts

Once a year, at the end of the Pre-schools financial year, end of year accounts are produced. These need to be agreed by an independent financial agent (accountant) and presented to the Charity's Commission no later than 9 months after they have been signed off.

Financial Checking and security

- No one person can sign a cheque or make an online banking transaction
- The cheque book should be held by the Treasurer
- The Treasurer banks the monies from the Admin Clerk
- On line banking
 - o Treasurer Day to Day has highest authority
 - o Treasurer Payroll and Admin Clerk have input authority only they can not authorise payments
- All petty cash is to be counter signed by the manager and staff ideally
- The ledger should be kept up to date as possible
- A petty cash reconciliation should be conducted by the Admin clerk on a weekly basis . This should be checked against the Ledger
- The Treasurer should check the Ledger, receipts book petty cash on a fortnightly basis
- The Treasurer should check the bank statements on a monthly basis
- The Treasurer should hold:
 - o Copies of past sets of accounts (the last three years) to refer to.
 - o A file of regular finance reports from the administrator/bookkeeper. This should be reported at every committee meeting (an no less than every 3 months)
 - o Photocopies of the bank mandate (sent to bank to let them know who is authorised to sign cheques).
 - o Contact details for an independent examiner.
 - o A job description and procedures are produced for the Treasurer Day to Day and the Administrators roles

Agreeing wages

If a current new starter the Chair and Payroll Treasurer are to agree on wage.

Annual pay rises: Payroll Treasurer and Treasurer Day to Day produce suggestions.

Chair is then to authorise this.

Any accountancy records need to be kept for a period of 7 years.

Part 2 – Parent specific

Fees

A registration fee is payable before the first session along with the registration form.

Each **half term** the fees should be paid in full by the end of the 3rd week.

If a parent cannot make this arrangement they are required to make arrangements with the Administrator agreeing a payment arrangement that is convenient to both parties. The Pre-school aims to help as much as possible with payment issues. These arrangements should be agreed by the end of the first week of the half term. If there is no discussion we will assume payment will be made by the end of the 3rd week.

If full payment is not made by the end of the half term, a child's place may be allocated to a child on the waiting list.

Payment of fees will only be accepted on a morning session.

Fee Statements are produced at the start of each half term

Fees are payable regardless of sickness or holidays.

If a child is removed permanently from pre-school 2 weeks notice in writing is required. Otherwise payment for the 2 weeks is required.

Written notice is required for any child whose sessions are requested to be reduced. A payment for the original amount of sessions will be required for two weeks from when the pre-school is given written notice of this.

We ask for a donation of £4.00 per a child for snack.

Parents are responsible for any receipts. They are proof that fees have been paid.

Arrears will not be tolerated. If full payment is not made by the end of the half term the child's place may be reallocated to another child.

Council Funded Children

The Pre-school follows the local school years. This means that we are open 38 weeks. The council pays for between 33-38 weeks.

If a term is greater than 14 weeks the council will not pay for any sessions above 14 weeks even if the child has not taken its full quota i.e 55/

If a child spreads their funding between 2 or more care providers then the funding allocated will be divided as well.

Funding starts in the TERM after the child is three.

By council ruling a funded child has to attend for more than 50% of their allocated sessions otherwise the council will require a repayment of the funding

Each term the council requires parents to sign a declaration from parents to confirm that they require funding of their child for the particular number of sessions

This policy was adopted at a meeting of	Great Linford Village Pre-school	name of setting
Held on	_____	(date)
Date to be reviewed	_____	(date)
Signed on behalf of the management committee	_____	
Name of signatory	_____	
Role of signatory (e.g. chair/owner)	_____	