

Hollytree Community Preschool

12.1 Financial management and control policy and procedure

1 Introduction

The trustees of Hollytree Community Preschool share overall responsibility for financial control and safeguarding the funds of Hollytree Community Preschool and ensuring that the organisation operates in accordance with the financial powers stated in its Constitution. This document sets out how this responsibility will be exercised and where functions have been delegated to particular trustees or staff of Hollytree Community Preschool.

2 The Role of the Treasurer

The treasurer takes the lead at board level on:

- making sure Hollytree Community Preschool keeps proper accounts
- reviewing financial performance
- ensuring policies for finance and if relevant, investment, are regularly reviewed
- ensuring that Hollytree Community Preschool has robust and effective financial controls in place
- liaising with the Bookkeeper about financial matters and with the auditor (or independent examiner)
- reporting on financial matters at the AGM

The treasurer will carry out periodic internal checks, for example prior to audit, and a checklist to assist with this will be provided.

3 Financial records

Financial records will be kept so that:

- Hollytree Community Preschool can meet its legal and other obligations, e.g., HM Revenue and Customs, Charities Acts, Companies Acts, Common Law.
- The Hollytree Community Preschool trustees can have control of the organisation's finances.
- The organisation can meet contractual obligations and the requirements of funding bodies.

The organisation will keep proper books of account using the Xero accounts package. These will include:

- A cash book analysing all transactions
- Petty cash records
- Payroll records

4 Budget

The financial year for Hollytree Community Preschool will end on 31st July.

Before the start of each financial year, the Hollytree Community Preschool trustees will approve a budgeted income and expenditure account for the following year.

A paper comparing actual income, and expenditure with the budget will be presented to the Hollytree Community Preschool trustees every year.

5 Accounts and Audit

Accounts will be drawn up after each financial year within 4 months of the end of the year and presented to the next Annual General Meeting.

The accounts will be submitted by the bookkeeper to the Charity Commission.

The trustees will appoint an appropriately qualified auditor or an independent examiner to audit the accounts for presentation to the next AGM.

The trustees will review the appointment of the auditor/independent examiner at least every 3 years.

6 Best value

When procuring goods and services it is Hollytree Preschool's aim to achieve best value. For goods and services valued at over £5,000 at least 3 quotes will be obtained. For service contracts such as hall hire the community association will be invited to submit a proposal and these will be considered in relation to specific criteria including price, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.

Service contracts will be reviewed at least every 3 years.

7 Bank

Hollytree Community Preschool will bank with TSB where the accounts will be held in the name of Hollytree Community Preschool. The current account will be held with TSB. All bank accounts held by Hollytree Community Preschool must be agreed and approved by the trustees.

The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the Hollytree Community Preschool trustees as will all changes to it.

Hollytree Community Preschool will require the bank to provide current account statements every month. These will be reconciled with the cash book every half term by the bookkeeper.

Hollytree Community Preschool will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the trustees.

8 Fundraising, funding bids, tenders, and partnership arrangements

All fund-raising, grant applications and tendering undertaken on behalf of Hollytree Community Preschool will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income then this must be approved by the trustees. The Chair of trustees must approve bids and tenders to a value up to £15,000. The trustees who are officers (i.e. chair and treasurer) of Hollytree Community Preschool must approve bids and tenders to a value of up to £60,000. Bids and tenders to a value of over £60,000 require the prior approval of the trustee board. Details of all funding bids and tenders will be provided to the trustee board.

Hollytree Community Preschool may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of Hollytree Community Preschool as set out in our Constitution. The partnership arrangements must have the prior approval of the Chairperson. All partnership arrangements will be reported to the trustee board. When Hollytree Community Preschool will receive funding from partnership arrangements and take on financial commitments a written agreement must be in place covering the financial arrangements. In these circumstances the funding that Hollytree Community Preschool receives should generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of work from reserves or earned income then this must be approved by the trustee board. The Chairperson must approve partnership arrangements to a value up to £15,000. The trustees who are officers (i.e. chair and treasurer) must approve arrangements to a value of up to £60,000. Partnership arrangements to a value of over £60,000 require the prior approval of the trustee board.

When Hollytree Community Preschool submits a funding bid or tender as the accountable body and there are partners to the bid or tender the arrangements must be agreed by the Chairperson and trustees in accordance with the financial limits set out above. This includes the composition of the partnership. Where funds are to be dispersed or remitted to partners the partners must have in place arrangements for accounting for these funds that have been agreed with Hollytree Community Preschool and that are consistent with our audit and reporting requirements. An agreement must be in place before funds are allocated to partners.

9 Receipts (income)

Hollytree Community Preschool will ensure that all the income to which it is entitled is received and that this is evidenced.

A schedule of grant income with the method of payment will be maintained and reviewed every year.

All monies received in cash will be recorded promptly in the petty cash book and banked within a reasonable period after expenses have been refunded to members of staff. This includes fee payments, payments for uniform, payments for trips or outings and small donations towards, for example, parties. All payments from individuals will be recorded in the receipt book and receipts will be given to the individuals. The petty cash tin will be checked against the petty cash book and receipt book at the end of each half term by the bookkeeper.

Any money raised through fundraising events will be recorded in the petty cash book and banked at the next holiday break.

Invoices for fees are sent to parents at the beginning of each half term. A deadline for payment is recorded on the invoice. Payment for fees can be made by BACS or cash. If the payment is made by BACS the bookkeeper provides a receipt which is sent to the parent. If the payment is made in cash it is recorded in the petty cash book and receipt book and the receipt is given to the parent.

All payments must be made to Hollytree Preschool by cash or BACS. The Chairperson and manager will review all debts on a half termly basis and agree follow up action. The schedule of debts will be sent to the treasurer for information. When an individual debt exceeds a period of more than 3 months then this will be brought to the attention of trustees and relevant action agreed.

A fees policy is in place and a copy will be provided to the treasurer. This policy will be reviewed at least annually and increases agreed and reported to the treasurer. Parents are notified of any increase in fees 3 months in advance.

10 Payments (expenditure)

The preferred method of payment is by bank transfer.

Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising payment requisitions and authorising payments.

Authorisation of payments which are greater than £2,000.00 must be different to those requesting purchase of items and at least one of those authorising must be the chairperson or treasurer of Hollytree Community Preschool. Payments greater than the value of £10,000 will require the approval of 2 trustees.

No payments will be authorised without original documentation.

Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Constitution.

11 Payment Procedures and Documentation

Every payment from the organisation's bank accounts will be supported by an original invoice (never against a supplier's statement or final demand). The original invoice will be filed and kept for seven years.

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course. Alternative supporting documentation such as the booking application form must be provided.

Contracts with suppliers can only be set up if authorised by the Chairperson in consultation with the treasurer.

Expenses/Allowances – Hollytree Community Preschool will reimburse expenditure paid for personally by staff that is claimed providing:

- Fares are evidenced by proof of purchase.
- Other expenditure is evidenced by original receipts.
- The expenditure has been authorised by a manager
- The claim is submitted within 3 months of expenditure being incurred

Expenses should be reimbursed from the petty cash tin whenever possible. Larger amounts may be reimbursed by bank transfer. When this occurs, original receipts will be given to the bookkeeper and payment will be made by BACS.

The bookkeeper may, according to their judgement, specifically notify signatories of exceptionally large or urgent payments.

12 Salaries

There will be a clear trail to show the authority and reason for payment. Anchor Bookkeeping will handle payroll administration. They will provide records of transactions to Hollytree Community Preschool. All employees will be paid within the PAYE, National Insurance rules. Salaries will be processed using BACS systems.

All staff appointments will be authorised by the Chairperson in consultation with the Treasurer and Secretary of Hollytree Community Preschool. All appointments will be reported to the trustees.

13 Credit card payments

No credit card is held by Hollytree Community Preschool

14 Other Undertakings

Hollytree Community Preschool does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, with financial consequences must be approved by the Chairperson up to a value of £5,000. Those valued at over £5,000 require the approval of Chairperson and Treasurer

15 Confidentiality

The confidentiality of an employee's financial circumstances will be respected at all times.

Trustees, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest, they will not divulge sensitive information about the organisation.

16 Reserves and Investment Policies

The trustees will consider the level of reserves that is prudent for Hollytree Community Preschool to have when agreeing the annual budget. Consideration will be given to future strategy, potential redundancy liabilities, and any other significant factors that should be taken into account were Hollytree Community Preschool to close or move to new premises. The specific reserves policy including any designation of reserves for specific purposes will be agreed by trustees on an annual basis.

The trustees of Hollytree Community Preschool will keep these financial controls under review

This policy was adopted by	Hollytree community pre-school
Last review	August 2025
Date for next review	August 2026
Signed on behalf of the provider	<i>J Goldspink</i>
Name of signatory	Jo Goldspink
Role of signatory	Joint Manager