

Finance Policy

This policy statement specifies the processes and procedures which are in place within the groups administered by Daisy and Rainbow Childcare Board of Trustees to ensure that there is a clear audit trail in place for every financial transaction made. Following these processes will reduce the risk that any one individual may be in the position of being accused of illegal, fraudulent, or neglectful activities which relate to financial management.

INCOME

Receiving Childcare Fees from parents

Invoices

- Parents will be invoiced monthly on the first working day of the month.
- Receipt of payment is expected by the 15th of that month.
- Each invoice will be maintained for records via a mail merge document

Payments made by Cash / cheque

- Payments made by cash or cheque may be paid to any member of staff in an envelope clearly showing the child's name, date and amount paid.
- All payments are put directly in to the safe.
- A receipt will be given to the parent – signed and witnessed by the receiving member of staff and witnessed by another member of staff whenever possible - certainly if the recipient is not the administrator.

Payments made directly into the bank

- Incoming payments are checked via the online banking processes.
- The childcare voucher companies will send a remittance advice when payments are made.
- DCC send a remittance advice for any early years funding payments.

Record of payments

- All payments are documented as "fees" on the banking spreadsheet.
- Payments are notated on the invoicing spreadsheet.

Banking

- Banking is completed as needed ensuring cash does not accumulate on site
- A member of the administration team will prepare the banking documents.
- The monies banked are tallied against the computer-held banking records.
- The bank paying-in book is signed and dated by the administrator.
- Each childcare administrator is responsible for ensuring that the banking is managed according to this policy.

Retaining monies on the premises

- Monies are kept in the on-site safe at the end of each working day.
- Monies will not normally be retained in the setting for more than a fortnight.
- When transferring funds between sites – the process will be witnessed and signed at the departure point and at arrival point then returned to original site for final witness signature and document retained for the financial year.

Access to Safes

- The safe access codes will be known only to the administration team, Childcare Services Manager and senior members of the childcare team when deemed appropriate.
- The safe over-ride keys are kept off site in the other setting's safe.

Fundraising activities

- An honesty box is utilised for the fundraising table.
- The contents of the table fundraising box are emptied at least weekly and the total notated on the fundraising spreadsheet.
- Any fundraising monies will be verified by another person.
- Monies are placed in the safe prior to banking.
- Any additional funds raised via draws, jumble sales, fayres etc are tallied and banked by the relevant childcare administrator and notated on the spreadsheet.
- Any funds collected will be counted as soon as possible after the event with a second person to verify the totals.
- All funds will be banked into the fundraising account.

DEBT RECLAMATION

Fees

- Any unpaid accounts will be charged a 10% surcharge in the following month.
- Any account which has been charged the 10% surcharge will be issued with a reminder and warning in person, via email or phone and monitored to ensure payment is made within the normal time span.
- If payment is not received in that time - A "Failure to Pay" notice will be issued and a payment plan negotiated with any non-EYE sessions withheld until payment is achieved.
- The Childcare services manager will be informed at this juncture and circumstances explained.

EYEF and 2 year funding forms

- The childcare administrators complete the headcount forms which are countersigned by the Finance Officer.

Payments made by staff members

- Any payments made by a member of staff to the charity to access goods and services will be countersigned by another member of staff.

Other income

- Any payments received for other goods and services provided by the charity will be notated in the banking files.
- Accompanying documentation will be retained.
- Any donations will be banked in the appropriate account and the intent for those funds will be (clearly documented).

EXPENDITURE

Quotations for the Supply of Services

- Quotations will be sought for any substantial new services needed for either setting.
- Normally two quotations will be sought as a minimum, three as a norm.
- Choice of supplier from quotation will be made on a best value decision. This may not be the cheapest quotation, but will reflect references, timescales for project completion or supply of goods, anticipated quality of product or service, guarantees of workmanship or quality.
- Daisy and Rainbow Childcare will give positive discrimination to local providers of goods and services wherever best value can also be maintained, believing that funds should be kept in the local economy wherever possible.
- The charity has assessed the competency, reliability and best value of some local suppliers which are approached for ongoing maintenance.
- Any successful quotation will be tallied with the invoice.
- Any unsuccessful quotations will be kept at the back of the appropriate invoices file.

Purchase orders

- All purchases of goods and services will be logged in the purchase order file by the administrator responsible for placing that order with the supplier.
- Significant purchases are authorised first by the Childcare Service Manager following a discussion with the Coordinator or Finance Officer.
- Childcare administrators have the authority to re-order any regularly used expendable items with oversight of the Finance Officer.
- Authorisation may be sought by email or notated from a verbal agreement – a signature will be required wherever possible.

Authorisation for Expenditure

- Any decisions about procuring services under the value of £1,000 may be made directly by the Childcare services manager.
- When services are going to cost more than £1,000 authorisation must be sought from the Board of Trustees – Finance Sub Committee.
- Authorisation may be sought by email, at a meeting or notated from a verbal agreement.
- Authorisation will be deemed as given with the consent of at least two trustees.
- Payments may be made to members of staff for items sold to the group which could not be bought cheaper elsewhere. This will be in negotiation with the Childcare Services Manager and payments made from the fundraising account.

Payment of incoming invoices

- Payments may only be made when authorisation is given by the Childcare Services Manager.
- All payments must be substantiated by a written invoice.
- Invoices will be prepared at least weekly to ensure payment within a fortnight.
- All invoices must be authorised by the Childcare Services manager by signature, date, account payable circled and expenditure summary code when required.
- Payments will be made most normally via internet banking services
- Internet banking services are supplied via Lloyds bank PLC.
- There will be three people who will be enabled internet access to the accounts – The trustee treasurer, Childcare services manager, and the Finance Officer. The Childcare Services manager will have full access, also the treasurer (however with no ability to move funds or authorise payments); the Finance Officer will have full access to the current accounts only.
- A two-stage authorisation process will be adhered to when making any payments to third parties. NOTE No payments are possible through the online banking system other than through a two-stage process.
- Any authorised delegate may initiate the first-stage payment, however most normally it is anticipated that this role will be held by the Finance Officer. This process will ONLY be initiated when there is physical sight of the original paper invoice, which has been duly dated and authorised by the childcare services manager.
- On completion of the first-stage authorisation process the invoices are filed together and presented to the childcare services manager for final online authorisation.
- The secondary authorisation may ONLY be made when there is physical sight of the invoice. The final-stage authorisation will be signed and dated on the invoice.

Payments by Internet banking – BACS and Direct Debit

- A spreadsheet is maintained for any regular subscriptions or direct debit payments.
- The Childcare Services Manager will audit those payments quarterly

Payment by Debit Card

- There are 4 x debit cards issued in the name of Daisy and Rainbow Childcare. – two authorised for use by the Childcare Services manager, and two authorised for use by the Finance officer. Each card is linked to either the Daisy or the Rainbow Current account.
- The Childcare administrators will have delegated access to the card registered to the Finance Administrator only and will be able to access only the account for the setting they are directly employed by.
- All payments made will have a specific debit card purchase order number and/ or an invoice and receipt associated to enable the payments to be monitored through the bank accounts.
- All payments will be planned through the authorisation process
- The cards will be kept in the safe related to the specific account. The card will only be accessed and taken off site to make any pre-agreed purchases or to access pre-agreed cash withdrawals.
- The Finance officer will scrutinise the purchase orders alongside the bank statements.
- The debit Card purchases will be scrutinised independently by the Childcare Services manager each month on the purchase order sheets.

Staff Expenses and Incidental purchases

- The debit cards held against both daisy and rainbow accounts are utilised to withdraw cash if required. Any withdrawal is alerted to another senior member of staff.
- All staff are encouraged to seek expenses through completion of an expenses claim form and payment is made directly to the recipient via online banking. Receipts are attached.

Payroll Administration

- Employees will be paid on the last working day of the month upon completion of the Staff additional Hours spreadsheet.
- Payments are made directly into employee's bank accounts via a bulk payments BACS system administered through the online banking processes.
- Payslips are securely emailed to each employee for their scrutiny and to match against the bank payment.

- The Childcare Services Manager liaises with the Finance Officer to ensure all salary changes are up to date.

REPORTING and MONITORING PROCEDURES

Access to Financial Information

- All non-confidential information is filed in the "Finance" folder on the computer R drive.
- Confidential financial information is stored on secure Drive "U", accessible only by the Finance Officer and the childcare services manager.
- The payroll programme may be accessed by the Finance Officer and the childcare services Manager only by password on the server.

Asset Registers

- Assets valued over £100 , computer equipment, electronic equipment, white goods etc will be highlighted in RED on the purchase order sheets.

Bank Accounts

- A separate bank account will be maintained for each of the separate business identities managed by the Daisy and Rainbow childcare – Rainbow Nursery, Daisy Pre-school, and Fundraising.
- A reserves account will be maintained for both Daisy and Rainbow to cover the cost of redundancies and one month's full pay and overheads for that period.
- A higher interest account will be maintained for both daisy and rainbow holding the greater amount of reserves required in case of redundancy.

Bank Balances

- The bank balances are sought and scrutinised by the childcare services manager at least fortnightly online. Text alerts are provided weekly from Lloyds bank.

Maintaining income and expenditure Spreadsheets

- Income and Expenditure spreadsheets will be updated via excel export from the online accounts.
- All invoices and receipts will be retained by the administration team to reconcile against the bank statements.
- Checks will be made to ensure that there is a corresponding piece of documentation for each bank transaction.
- Any transaction made through the bank account without corresponding and matching hard documentation will be highlighted on the spreadsheet and will be referred through to the childcare services manager to resolve the enquiry.

- The spreadsheets will be reconciled monthly against the bank statements, signed, and dated to indicate they balance correctly.

Scrutiny Checks

- The treasurer will make spot checks on any process utilised within the charity at any time.
- The monthly payroll reports are provided to the childcare services manager every month to monitor against the staff payroll budget spreadsheet and to check for any potential anomalies.
- The childcare services manager will access the spreadsheets and budget sheets at least monthly to scrutinise and monitor the income and expenditure.

Budget Forecasting

- The Childcare Services manager will create the budgets for the following financial year during February based upon available information, including previous expenditure forecast figures and known price increases.
- The Master budget sheets are updated as new information becomes available over the period of the financial year.

Annual Finance Reviews

- A bi- annual financial review is made during January/ February and again in October each year to ensure each of the following are appropriate to ensure a viable forecast budget.
1. Staff salaries – (percentage increase in line with, or more than, the inflation level sought for).
 2. Childcare fees – inc. nursery registration fee, sibling fees, late collection fees, hourly childcare fees.

Finance Reporting

- Finance reports are given by the Childcare Services manager to the full Board of trustees at each meeting, held 6 times per year.

Annual Audits

- The Centre's accounts are audited at the close of the financial year by an independent auditor/accountant in line with Charity and Company law.
- Expenditure and receipt of Early Years Education Funding may be spot-audited by DCC at any time

The role of Trustees

- The Treasurer may access all financial records upon request.
- The treasurer and one other trustee will have access to the online bank statements to allow spot checks and monitoring of accounts
- The finances will be shared at each trustee meeting, 6 times per year

- The Trustee Finance Committee meets at least annually to give scrutiny to the accounts.
- All members of the finance Committee will be balloted upon any expenditure requiring authorisation.
- Three members of the Board of Trustees will be bank account signatories.

Policy last reviewed on: May 2019

Current Review June 2021

Signed: 