



EYFS: The Safeguarding and Welfare Requirements

Information and Records

3j.2 Financial Procedures

Policy Statement

Auden Place Community Nursery is a non-profit making organisation. We aim to balance our incoming monies with our outgoings, with just a small surplus each year transferred to our reserves (which we aim to maintain at three months running costs.)

Introduction

Financial records will be kept:

- to enable us to meet our legal and other obligations e.g. Inland Revenue, Companies House and Charities Commission
- to enable the board of trustees to have control of the nursery's finances
- to enable the nursery to meet contractual obligations and the requirements of funding bodies e.g. Camden Council
- to ensure that we work within budget and maintain sustainability

Management Committee responsibilities

The Management Committee (the Trustees) is responsible for the approval of the:

- Annual Statutory Accounts and the Trustees' Annual Report
- Annual budget, which costs the nursery's projected operating costs for the next year
- Fee rise for the coming year
- Staff pay and remuneration for the coming year, including bonus awards
- Management staff contracts
- Quarterly financial management accounts
- Orders for goods and services worth over £2k
- The appointment of Auditors and other professional advisers
- Opening and closing bank accounts
- Relevant financial policies

The initial task of scrutinising the above and ensuring compliance with legislation, statutory obligations and best practice is delegated to the Finance Committee, which makes recommendations to the Management Committee.

Procedures for Effective Financial Control

In order to discharge their responsibilities to the MC for the effective financial management of the nursery, the following financial procedures have been approved, by the Finance Committee on behalf of the Management Committee, and adopted throughout the nursery:

Budgeting

- The budgets are set at the beginning of the financial year following a review of the previous year's expenditure. These are reviewed quarterly by the Finance Committee and brought to the MC meeting for discussion.



- Budgets are broken down into several areas, each with its own budget code and annual amount. Some are also broken down into monthly amounts for the nursery manager to work within.
- Each month the nursery manager prepares a budget account sheet for the finance committee. This consists of income, outgoings and balance for each month of the current financial year, compared with budget.

Trustees' Report and Statutory Accounts

The Trustees' Report and Statutory Accounts are prepared on an accruals basis in accordance with legal and best practice requirements. The prescribed Statement of Recommended Practice (SORP) format conveys a full description of the performance of the nursery and its assets over the past year, compared with the preceding year's performance. Performance is measured in the profit and loss (P&L) accounts, and the Balance Sheet contains a snapshot on the last day of the financial year (31 March).

The Trustees' Annual Report is a useful forum in which to highlight the nursery's achievements and results. The annual report and accounts are approved at a Management Committee meeting before the filing deadline, and are then signed by the Treasurer and the Accountant and filed with the Charities Commission [and Companies House]. The audit threshold set by the Charity Commission requires an independent audit to be carried out where income > £1 million, else an Independent Examination should be carried out.

Management Accounts

After each quarter end the nursery manager generates a balance sheet, profit and loss, creditors listing and debtors listing from the accounting software package (QuickBooks). This shows actual and budgeted monthly movement/balance by detailed account code. The management accounts are reviewed by the Finance Committee and the nursery manager.

Reserves

The reserves policy is to build a sufficient level of reserves to enable normal operating activities to continue over a period of up to 3 months should a shortfall in income occur.

As we are a non-profit organisation registered charity (Charity Commission) and a limited company (Companies House) with a commitment to provide high quality and affordable childcare for the community, in accordance with Charity Commission guidance, it is our objective to steadily build up or maintain a contingency reserve of funds equivalent to one financial quarter's operational costs.

Fee Income

This is the largest source of income for the nursery. Each family that attends Auden Place pays a monthly fee, the amount depending on their household income (See our Fee Structure).

Collection of Fees

Fees are due in advance on the 1st of each month by standing order for the coming month. There is an administration charge of £25.00 per family who wish to pay their monthly fees



later than 10th of the month. (Please see our Terms and Conditions for more information on fees and charges).

Fee payments should include a reference corresponding to the child's name (including surname). The nursery also accepts childcare vouchers, however parents must again ensure that these are referenced with the child(ren)'s full name(s).

Parents are invoiced separately if they do any extra days.

Credit Control

Management check through bank statements during the first week of the month and transfer the information onto QuickBooks. This shows payments against invoices and will show any discrepancies and gives the opportunity for management to inform parents if there are any issues with their payment prior to the 10th of the month preventing late payment fees where possible. Statements are checked and entered at regular intervals throughout the month. Any concern of outstanding fees are brought to the attention of the Finance Committee as soon as possible and an email is sent to parents.

Fee reduction for staff

Any staff placing their children at the nursery will be asked to pay Band 2 fees, subject to the following discount:

- 30% for all staff (non-apprentices)
- 50% for apprentices.

Please refer to the "Admission of Staff's Own Children or Those of Close Friends and Family" policy for details of the conditions.

Other Income

Fundraising Income

We are very active in fundraising to provide funds for nursery supplies, improvements, children's outings etc. With the loss of our grant (see below), we are now actively targeting corporate fundraising opportunities.

Camden Council also provide significant rent relief on our premises, however this is to be phased out over the next few years.

NB. Prior to 2017, we were in receipt of an annual grant from Camden Council, however this is no longer the case.

Expenditure

The bulk of the nursery's outgoings relates to staff costs.

STAFF COSTS

Payroll

- The payroll is outsourced to Continuum
- We have a salary scale, which is governed by the NJC scales. These scales are available to staff at all times.
- If staff take out a cash sub, then a petty cash slip is written and it is recorded on the spreadsheet. If it after 10th of the month, when the amendments have been sent, then it needs to be kept in the tin for the following month rather than the current month.



- Any amendments of payroll need to be sent to Continuum each month via email to mandy.atton@continuum-ltd.com
- Continuum then send a journal back to the nursery to be checked.
- Once this has been checked through, management emails the journal to the Finance Committee for approval of the month's amendments
- Once approved, management set up BACS payments to individual staff, with the date set up for the penultimate working day of the month. These are then authorised by another manager or one of the Finance Committee.
- The payment to HMRC is also set up immediately, but the date set up is for 8th of the following month.

Hardship Grants

The Management Committee will consider awarding a grant for financial hardship to apprentice staff only, in exceptional circumstances, and subject to the following:

- Only apprentices who have completed their probation periods are eligible to apply.
- Any request must first be made to the management team, who will interrogate the request, and perform means-testing, to present to the Management Committee with a recommended level of support.

Considerations for the Management Committee when reviewing applications include, but are not limited to:

- The financial status of the nursery and the availability of funds
- The performance of the applicant
- The relevance of the request to allow them to fulfil their role at the nursery
- Proven financial hardship of the applicant

An interview with the applicant may be deemed appropriate before a final decision is made.

All decisions are discretionary and final. Payments will be made through payroll and are subject to PAYE. Any awards given in the past cannot be used as an indication of awards to be made in the future.

OTHER COSTS

Please refer to the Appendix for details of Authorisation Requirements.

Purchasing Goods

- The general purchasing of goods in the responsibility of the nursery management team, who must work within the set budgets.
- Goods must be purchased from a reputable supplier and comply with any British Standard requirements as necessary.
- Exceptional purchases (individual items > £2k) require pre-authorisation from the Management Committee – specifically a member of the Finance sub-committee or the Chair.
- It is the responsibility of the management team to be conscious of ongoing costs vs budgets, and inform the Management Committee when costs are significantly above budget.



Paying Suppliers Invoices

- On receipt of invoices, they must be checked by a manager to ensure that goods have been received, and then signed, with a breakdown of budget codes and placed alphabetically in the 'Unpaid Invoices' folder.
- Invoices are checked on a weekly basis and paid according to the suppliers' terms.
- When paying an invoice by BACS, it will be set up by one of the management team. The 2nd authoriser (typically another member of the management team) will then receive an email requesting them to go online and authorise the payment. Scanned copies of the invoices must be attached to this email. If it is a non-invoice payment e.g. fee refund to a parent, this should be explained in the email. The Finance Committee are always included in this email and will step in as the 2nd authorisation in the absence of another manager.
- Very rarely, invoices may be paid by cheque. This requires a 'Cheque Requisition Form' to be completed and attached (usually by the manager). The cheque must then be signed by two of the signatories. A CRF asks for the following information:
 - Cheque No
 - Date
 - Payee
 - Brief Description of Invoice
 - Amount
 - Budget/Budget Code
- After paying an invoice, it needs to be filed onto the QuickBooks accounting package, and then placed alphabetically in the 'Paid Invoices' folder.

All invoices must be reviewed for reasonability before processing for payment:

- Ensure goods were received
- Ensure the payment period is accurate, and sense check for duplicates

Cheque signatories

- Each cheque requires any two of the below signatories, although if a cheque is payable to one of the signatories, then they may not be one of the signatories
- The cheque signatories are as follows:
 - Mikki Parkes (Nursery Manager)
 - Michelle Richardson (Deputy Manager)
 - Matthew Dalton (Chair)
 - Ann Clarke (Treasurer)
 - Victoria Heeley (Director)

General Financial Management

Banking

- Our main bank account is Charity Aid Foundation (CAF) online . We also have a savings account with them. This is a sub-contract of HSBC so any over the counter banking would be through any HSBC branches.
- Banking is done as needed, by post if only cheques need banking, or via a branch of HSBC if there is cash.
- A banking form is completed, detailing the amount, and name of child and period the amount refers to and kept in the banking file.



- This is processed onto QuickBooks when the money shows up on the statement and not before
- Bank statements are available online on a monthly basis, but the nursery management, regularly check statements online to check payments made in and out.
- There are three debit/cash cards held on the CAF account – Manager, Deputy Manager and Third-in-Charge. Any cash withdrawals made with these cards are recorded on the petty cash spreadsheet as incoming.

Bank Reconciliation and Suspense Accounts

At the end of each month, management reconcile both bank accounts, current and savings, as well as petty cash. This is done by checking each item on the statements against that entered on QuickBooks. Should this not reconcile then it will be re-checked until the difference is found. In the very unlikely case that the figures still do match, the difference will sit in discrepancies in the profit and loss for further investigation and resolution.

Petty Cash

- Petty Cash is stored in a locked tin, in a locked cupboard. The only keys are held by nursery management.
- No more than £500 should be kept in the petty cash tin at any one time.
- Every time money is used from the petty cash, a voucher must be completed and it must also be recorded onto the petty cash excel spreadsheet. It needs to be broken down into individual budgets.
- Money is to be reimbursed into petty cash when necessary by way of cash card.
- If parents choose to pay cash, then this goes into the petty cash and is recorded on the spreadsheet as an incoming balance.
- Petty cash is checked on regular occasions and recorded slips are put into a plastic wallet outside of the tin.
- Petty cash is closed off and balanced on the last day of each month.
- A copy of the spreadsheet is printed and kept with the receipts in the Petty Cash box.
- Petty cash is then processed onto QuickBooks.
- No cash advances (known as “cash subs”) totalling > £50 for the month will be made to individual staff members.
- All cash advances to staff are accounted for through payroll and PAYE applied accordingly.

Confidentiality

The confidentiality of employee’s financial circumstances will be respected at all times. Committee members, volunteers and employees will at all times act in the best interest of the nursery and if they experience a conflict of interest they will not divulge sensitive information.