**Financial Controls Policy**

**Policy Statement**

This Financial Controls policy has been devised to ensure that Alphabets Pre-school can meet its legal and other obligations, e.g. Charities Act 1993, HM Revenue and Customs and common law.

It has also been devised as a tool to ensure transparency in handling all income and expenditure of the pre-school and to support financial planning, in order to ensure that the charity can meet its obligations to members and users of the organisation. It ensures that income and property of the pre-school is applied solely to further the objects & aims of the pre-school.

**Procedures**

**1. Introduction**

1.1 Financial records will be kept so that Alphabets Pre-school can:

(a) Meet its legal and other obligations, e.g. Charities Act 1993, HM Revenue and Customs and common law.

(b) Enable the trustees (committee members)to be in proper financial control of the Pre-school.

(c) Enable the Pre-school to meet the contractual obligations and requirements of funders.

1.2 Alphabets Pre-school will keep proper books of accounts, which will include:

(a) An accounts book analysing all the transactions in the Pre-school's bank account.

(b) A petty cash book for cash payments.

(c) Records of Inland Revenue deductions made on behalf of staff.

(d) Records will be held securely, according to our data protection policy and for a period of 7 years.

1.3 The financial year will end on the 31st August each year.

Accounts will be drawn up after each financial year and presented to the next Annual General Meeting.

1.4 Our aim is for the trustees to approve a budgeted expected income and expenditure account at the start of each financial year, for the following year. This would represent good practice.

1.6 The AGM will appoint an appropriately qualified auditor/examiner to audit/examine the accounts for presentation to the next AGM.

**Banking**

2.1 Alphabets Pre-school banks with HSBC Bank. Accounts will be held in the name of Alphabets Pre-school. The following accounts will be maintained:

Alphabets Pre-school Community Account-

2.2 The bank mandate (list of people who can sign cheques on the organisations behalf) will always be approved and minuted by the trustees as will all the changes to it.

* 1. The charity will require the bank to provide statements every month and these will be reconciled with the cash book on a monthly basis and countersigned by the treasurer every month, signing the accounts book accordingly.
  2. The charity will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the trustees.

**3. Receipts (income)**

3.1 All monies received will be recorded promptly in the accounts book and banked without delay. Alphabets Pre-school will maintain files of documentation to back this up.

**4. Payments (expenditure)**

Alphabets Pre-school aims to ensure that all expenditure is in respect of the charity’s business and is properly authorised and that this can be demonstrated.

4.1 The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books)

* 1. In line with Charity Commission guidance, the use of electronic banking is authorised for specific purposes and in accordance with procedures agreed by the committee. (Checking of account balances and reconciliation of accounts)

**5. Payment documentation**

5.1 Every payment out of the Alphabets Pre-school’s bank accounts will be evidenced by an invoice. The invoice will be retained by the Pre-school and filed with the accounts.

5.2 Wages and Salaries. There will be a clear trail to show the authority and reason for every such payment;

On a monthly basis, staff wages (including any adjustments for any extra hours worked & time off adjustments) will be recorded by the manager & passed to the Treasurer for actioning.

Petty cash will be maintained by the manager & checked by the Treasurer.

The manager is entrusted with a float as agreed by the Treasurer. When that is more or less expended, additional funds will be drawn to bring the float up to the agreed sum. Expenditure is recorded in the petty cash book & is supported by a complete set of expenditure vouchers, totalling the required amount.

**6. Cheque Signatures and cash cards**

6.1 Each cheque will be signed by two committee people as listed on the bank mandate.

6.2 A cheque must not be signed by the person to whom it is payable.

**Other undertakings**

7.1 Alphabets Pre-school does not accept liability for any financial commitment unless properly authorised. Any orders placed in excess of £1,000, must be authorised and minuted by the trustees. In exceptional circumstances such undertakings can be made with the Chairperson’s or Treasurer’s approval, they will then provide full details to the next meeting of the trustees.

7.2 All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of Alphabets Pre-school with the prior approval of the trustees or in urgent situations the approval of the Chairperson or Treasurer who will provide full details to the next trustee’s meeting.

**8. Other rules**

* 1. Alphabets Pre-school will adhere to good practice in relation to its finances at all times.
  2. Contingency reserves. Funds will be held to cover any staff redundancy payments, any notice period for rent of the premises and any outstanding invoices should the pre-school have to close. This figure will be calculated each year taking into account rises in wages and rent etc & the total will be set aside.

This policy was adopted at a meeting of Alphabets Pre-school management committee

Held on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date)

Date to be reviewed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date)

Signed on behalf of the management committee

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of signatory \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Chair of committee)