**Finance Policy**

Procedures:

* Records are kept of all transactions (receipts) and reconciled with hard copies of the Preschool bank account on a monthly basis – Main account, Fundraising account and Reserves account.
* This information is given to the Preschool Treasurer who inputs the information into The Preschool accounting system.
* The Annual Report & Accounts are prepared in compliance with current statutory requirements.
* The annual financial statements are signed off by Trustees and formally approved by Trustees at the AGM (Annual General Meeting).
* The affairs of the Preschool are managed by the Trustees. Day to day management is delegated to the manager employed by the Preschool through the relevant policies, and as per the Managers Job Description.

Budgets:

* Annual budgets are prepared by the Treasurer and Manager. The budget is approved by the trustees.
* The budget is reviewed by the Treasurer and Manager termly and shared with the trustees.

Banking Procedures:

* Cash income is banked at least once a month. Cash above £100 is not stored at the setting.
* Banking is completed by the treasurer and reconciled by the manager.
* Cash is stored in a locked drawer within the setting and is in a locked room. There is no safe. Only the manager and deputy can access this drawer.
* Money belonging to the Preschool is held separately from that of any individual Trustee/staff member/volunteer.
* Leafield Preschool has a Natwest Current Account card which can be used by only the Manager for purchases up to £4000. All purchases must be verified on a monthly basis by the Treasurer, and extra-ordinary

purchases over £500 must be agreed with the Trustees before purchase.

Checks on income records:

* The Manager provides details of all fee and funding payments to the treasurer during the monthly reconciliations. The treasurer makes checks once a month to ensure there are no discrepancies between records.
* Any restrictions on donated income is identified and observed by the manager.
* The Manager, on a monthly basis, is to go through outstanding fee invoices and take the following action.

A. Over one month past the term or instalment date, Manager issues repeat invoice, records the delay.

B. If still outstanding after two months it is to be referred to the Trustees who will issue a chasing letter.

C. The child’s place may be withdrawn if out-standing fees are not settled within 2 weeks after this letter is received.

D. Subject to the discretion and agreement of the Trustees, consideration may be given to delays in payment if there are exceptional circumstances.

Checks on purchases:

* All extra-ordinary purchases exceeding £500 must be approved in advance by the Trustees.
* Payments are only made against original invoices.
* Normally the Manager should find three alternative quotes for any product over £1000. These should be recorded (e.g. by email or minutes). Suppliers should be selected based on price, quality, suitability for the specification and ethical sourcing. The trustees can agree to only obtain 2 quotes if the availability of suppliers is limited or there are exceptional circumstances.
* All payments (under £500) are authorised by the Manager or Trustees. Payments over £500 must be authorised by a Trustee.
* The Manager, treasurer and a trustee shall have access to online and telephone banking systems to view information and raise payment requests.
* Salary payments are authorised and processed by the Chair of the Preschool.
* All salaries are paid by direct BACs payment to employees’ bank accounts.
* Salary increments and changes are decided by the Trustees.

Reserves Policy:

* Reasonable reserves of £13,000 will be retained to ensure all potential financial challenges and obligations can be met by the charity. This figure will be reviewed by Trustees annually.
* Reserves are held in a separate Natwest Account.
* Fundraising money is also held in a separate Account.
* All three accounts are reconciled monthly.