

## **Finance and Reserves Policy**

### **(Cross reference to Committee Policy, Staff Behaviour Policy)**

**Purpose To set out the procedures that are in place at Busy Bees Playgroup to ensure proper financial management of the Playgroup.**

### **Governance**

- The financial responsibilities of the Committee, the Manager and the Administrator are set out in this document and in the PATA Constitution 2006.
- It is the responsibility of the Committee to ensure that proper accounts of the finances of Busy Bees Playgroup are kept in accordance with the group's Constitution and that the reporting requirements of the Charity Commission are fully met.
- The day-to-day management of Busy Bees Playgroup's finances is undertaken by the playgroup Administrator.
- An income and expenditure budget are prepared annually and agreed at the first Committee meeting of the academic year.
- A monthly bank reconciliation of income and expenditure is completed.
- The playgroup's financial position and performance against the budget is reported to the playgroup Committee at least termly.
- Minutes of each meeting are kept detailing decisions made and actions agreed.
- At the end of each financial year, the Annual Accounts are prepared by the Administrator and examined by an independent examiner.
- The Treasurer/Administrator writes the Trustees' Annual Report which is presented at the AGM and then filed electronically with the Charity Commission.
- Accounting records are held securely and for 6 years as required by the Charity Commission.
- Two signatories is required for cheques.
- Bank details and the Playgroup Debit Card are held with the Administrator always
- Busy Bees Playgroup has 3 bank accounts: – Savings Account holding the Playgroup Reserves. – Current Account.

### **Income**

- Busy Bees Playgroup has three main sources of funding: fees, Nursery Education Funding and fundraising.
- Fees are decided by the Committee and reviewed every year.
- Invoices are raised each term and are expected to be paid within 14 days.
- Fees are due even when children have been absent due to illness or holiday or if Busy Bees must close due to reasons outside of their control (e.g. severe weather or disruption to utilities).

- Parents are encouraged to discuss any support required in paying fees with the Administrator to avoid falling into arrears. Please refer to the A-Z for more details.
- Income is banked promptly and intact.

## **Expenditure**

- Routine expenditure is planned into the budget and the Manager has authorisation to place regular orders for consumables, equipment, maintenance and administration that have been discussed and agreed in the budget.
- Outside of this planned expenditure, the Manager can authorise expenditure up to £100, the Treasurer or Chair can authorise expenditure up to £100 and any single expenditure over £500 must be agreed by the Committee.
- Chair / Treasurer/administrator authorisation will be recorded on the Purchases log.
- For all expenditure, best value for money must be sought and for expenditure over £100, two price comparisons must be obtained.
- The Administrator/Manager controls the petty cash.
- Expense reimbursement claims are submitted by staff and Committee members after payment for goods has taken place. Any claims must be supported by receipts. Expenses are paid by BACS or cash.

## **Procedures**

- Bank cards, cheque books, petty cash and passwords are all stored securely on-site and access is restricted to authorised personnel.
- Payments by debit card for goods or services will only be made by the Administrator.
- Administrator reconciles the playgroup accounts and presents to the Treasurer.
- Prior to each termly Committee Finance meeting, the Treasurer meets with the Administrator to discuss the financial position of the playgroup including the reconciled accounts, the actuals against budget forecast and documents a commentary and reasons for any anomalies.
- The reconciled accounts are shared with the Committee at least termly by the Administrator and Treasurer.
- The Administrator is responsible for payroll. – Each member of staff submits a time sheet each month for payment one month in arrears. – The Manager authorises the time sheets. – The Manager and Administrator agree any additional ad-hoc hours to reflect extraordinary staff Administrative tasks e.g. report writing. These times should be reflected in the staff contingency section of the budget.

Reserves Policy Busy Bees Playgroup holds reserves to cover unexpected drops in income, and to meet the costs of unexpired contracts should the Playgroup for any reason be forced to close its operations; income may be lower than anticipated in any year as a result of falling child numbers, or lower take-up of nursery education sessions. Unexpired contracts include premises rental and other utilities, insurances and staff redundancy costs. The reserves policy is reviewed annually.