

St Michael's Pre-school

Internal Financial Controls for Charities

Providers must evaluate the charity's performance against the legal requirements and good practice recommendations set out in the Charity Commission's guidance on internal financial controls for charities.

Finance

6.2 Financial Controls

Policy Statement

St Michael's Pre-school is run as a not-for-profit charity that provides Early Years Childcare. The financial health and stability of St Michael's Pre-school is essential to the success of the pre-school and its longevity. The Pre-school must ensure efficient administration and accurate financial accountability to ensure that the funding and income received is used appropriately and that all legal requirements and regulations are met and adhered to.

Trustees carry out an annual review of internal financial controls.

Financial Controls throughout the charity

- Budgets of income and expenditure are prepared and approved by the Committee and performance is reviewed at Committee meetings each term.
- Accounts are reviewed annually by an internal auditor.
- The pre-school administrator provides monthly updates about the financial performance of the charity to the committee and management.
- Financial performance is monitored by a nominated Treasurer and discussed at each Committee meeting.
- The pre-school administrator is responsible for keeping sufficient accounting records of all transactions, in compliance with legal requirements, as well as submitting annual reports and accounts on time.

- The pre-school adheres to a financial reserves policy (please see policy 6.1) and committee and staff are aware of risk from financial crime, abuse and potentially fraudulent activity (please see policy 6.3)

Income

- Cash and cheques are banked as soon as possible without deduction of expenses
- Records are maintained for each fundraising event.
- For ticket incomes – all tickets are pre-numbered, records are kept of which tickets are sold and sales of tickets reconciled with money taken.
- Where applicable, the pre-school maximises the lawful take-up by its donors of Gift Aid and records kept of Gift Aid claims.
- Insurance is held to cover the contents of petty cash and cash in transit.
- Funds are banked promptly, without deduction, as soon as possible with all records being kept accurately and subject to checks by committee and staff.

Purchases and payments

- Invoices received are checked against orders confirming pricing and receipt of the goods/services ordered.
- Cheque books are kept in a secure place with access only by nominated persons.
- Bank mandates require at least two signatories.
- Only nominated persons may hold and use payment cards. Payment cards are cancelled when the holder ceases to work for the charity.
- Card statements are sent to the treasurer and checked alongside supporting records.
- Only named individuals are authorised to set up direct debits, standing orders and direct payments.
- Every effort is made to minimise cash payments.
- All payments by cash are made from a cash float, not from incoming cash.
- Details of cash payments are entered in a petty cash folder and regular independent checks are made of the petty cash float and records.
- Statutory deductions (tax and NIC) are made from employee's wages and salaries and regularly forwarded to HMRC.
- The Pre-school complies with minimum wage legislation.

- The Pre-school have the required pension arrangements in place and staff are all offered access to the scheme.
- All employees have contracts of employment.
- Personnel records are kept and held separately from wages records.
- Salary levels are reviewed annually, authorised by the committee, and recorded appropriately.
- Salary payments are made by BACS.
- Regular checks are made to ensure expenditure records are accurate and agree with the bank statements.
- Regular checks are made to ensure no discrepancies between the payments made and the original invoices/payment records.
- The accounting records are maintained by the pre-school administrator and reviewed monthly by the committee.

Assets and Investments

- A comprehensive fixed asset list is held and updated regularly.
- Assets are checked regularly to ensure they are still in good repair and of use to the charity.
- Appropriate levels of insurance are held to cover the cost of damage to or theft of assets.
- Secure records are held of all bank accounts.
- Bank statements are regularly received, and reconciliations carried out.
- Accounts are monitored to ensure there is no third-party use.
- Committee regularly review the costs, benefits, and risks of their current and deposit accounts.
- PCs are kept secure with up-to-date anti-virus and spyware software.
- All trustees and staff are aware of the need to ensure the pre-school's security details are not compromised.
- The pre-school maintains a list of persons who are approved to have access to the PIN and password, and those using online banking facilities are trained in their use.
- The charity keeps records of all banking transactions.

Legal framework

- Charity Commission Regulatory and Risk Framework

This policy was adopted at a meeting of

St Michael's Pre-school

Held on

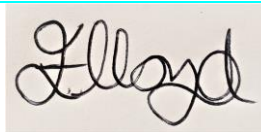
21/09/21

(date)

Date to be reviewed

(date)

Signed on behalf of the management
committee

A handwritten signature in black ink on a light beige rectangular background. The signature is cursive and appears to read 'Ellena Lloyd'.

Name of signatory

Ellena Lloyd

Role of signatory (e.g. chair/owner)

Committee Chair