



## **FINANCE AND INTERNAL CONTROL POLICY FOR WATERBEACH COMMUNITY PLAYGROUP**

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## 1. Monitoring Arrangements

### a. *The Budget.*

A budget is presented annually (Summer term) by the Finance Manager to the Committee for approval. The budget includes a projection of the Year End financial position, a staffing budget for the coming year and income and expenditure projections for fixed costs (staffing and rent) and fixed income (fee and funding income). In addition to this any material exceptional expenses for the following year are presented. Recommendations for pay increases and fee increases are made using the fixed cost ratio. The Management Committee fix pay and fees for the following year based on the information and recommendation provided.

- i. **The Fixed Cost Ratio.** This shows the number of times our fixed costs are covered by our fixed income. It is calculated as follows:

$$\frac{\text{Fixed Income (Fee Income + Funding Income)}}{\text{Fixed Costs (Salaries + HMRC + Rent)}} = \text{Fixed Cost Ratio}$$

The ratio must remain positive for the Playgroup to be considered a going concern. We currently budget for the ratio to be at 1.1 or as close to 1.1 as possible. This calculation is the basis of all budgeting done by the Playgroup.

- ii. All other expenses are considered to remain approximately constant, with allowances for inflation, year-on-year unless an exceptional expenditure is identified and approved by the Committee. Expenditure on resources is limited to the net income from Fundraising during the preceding year unless covered by specific funding or grants (e.g. EYPP or Funded 2s). This is shown separately in the accounts.

### b. *Financial Reporting during the year.*

The Finance Manager measures actual financial results against the budget at regular intervals during the year, measuring the current Fixed Cost Ratio and monitoring variable costs. Current and projected figures are presented to the Committee at each Committee meeting for discussion. Any material income or expenditure is raised with the management Committee as soon as the management become aware of it (for example repairs to the building via the Joint Venture, purchase of new equipment not previously budgeted for)

### c. *Self-assessment checklist.*

The Treasurer and Finance Manager review the Charity Commission Self-assessment checklist together annually (Autumn Term) and present findings to the Committee (see appendix 1)

### d. *The Accounts.*

- i. The Finance Manager is responsible for keeping full financial accounts with supporting evidence, recording every financial transaction made by the Playgroup. The accounts are presented using the receipts and payments method.
- ii. The Trustees appoint an Independent Financial Examiner to examine and report on the final accounts at year end as required by the Charity Commission and the Playgroup constitution. The Independent Financial Examiner is given the following as a minimum:
  1. List of payments for the year being examined by accounting category
  2. List of receipts for the year being examined by accounting category
  3. List of Petty Cash transactions, by accounting category
  4. Supporting evidence in the form of receipts and invoices (in date order and cross-referenced to 1,2 and 3 above)
  5. Trial Balance Statement as at 31<sup>st</sup> July (Year end)
  6. Source and Application of Funds Statement for the year (Notes to this statement include a reconciliation of Petty Cash vs Bank transactions and provide a detailed breakdown of Fundraising income and costs)
- iii. The accounts are presented at the Playgroup Annual General Meeting by the Treasurer or Finance manager for approval by the Trustees.
- iv. The accounts are then filed with the Charities Commission by the trustees along with our Annual Report and Trustees Annual Return (TAR).

## 2. Income

Parents are asked to sign a Parental Contract which outlines their obligations regarding prompt settlement of bills, providing information for claiming County Council Funding, the notice period for leaving Playgroup and Fundraising. See Appendix 2

### *a. Billing.*

- i. Fees are calculated based on the number of days and hours that a child is booked in per term.
- ii. If a family choose to take holiday during term time, the bill is still payable in full.
- iii. Families are still billed for days that a child cannot attend due to illness or appointments.
- iv. Bills are drawn up and distributed in the first week of each half-term, based on the termly calculation. The amount billed per half term is half the total owed per term irrespective of how many weeks fall in each half term.
- v. Bills are given as hard copies in children's book bags. An email is sent to let parents know that they have been sent out and a notice is put on the notice board.
- vi. Bills state our terms for settlement (See Appendix 3)
- vii. After 4 to 5 weeks reminders are sent, either by email or by letter.
- viii. If the bill remains unsettled by the end of term, the Committee are informed and a letter is sent to the parents informing them that their fee-paying place has been withdrawn until such time as the bill is settled. The Committee may decide to pursue the outstanding debt in the small claims court.
- ix. A child's funded hours remain unaffected by any failure to settle bills.

### *b. Cash and Cheques.*

- i. Most bills are settled by cheque or cash. Money is counted in front of the parent and a numbered receipt is issued showing the date, amount received, the method of payment and what the payment is for. Playgroup retain a carbon copy of the receipt.
- ii. Money is kept in a locked cash tin. Keys to the tin are held by the finance and setting managers only. The tin is kept in a set of drawers that are locked in the cupboard each night.
- iii. Cash and cheques are reconciled to the receipts book each day by the finance or setting manager. They are reconciled at the end of each week by the finance manager and banked.
- iv. Receipts are recorded per child per week in the Fee Calculation spreadsheet by the finance manager (feecalc.xls)
- v. The total cash and cheques received each week in respect of fees is recorded in the weekly takings spreadsheet (receipts by week.xls) by the finance manager. The totals shown on the spreadsheet are based on the carbon copy receipts. An actual cash and cheque figure is recorded on the spreadsheet. If there is a discrepancy between the two an explanation is given if possible and the amount of the weekly takings are reduced/ increased accordingly. This sheet is countersigned by the Treasurer, Chair or setting manager.

- vi. The weekly takings are recorded in the accounts with a copy of receipts by week.xls as supporting evidence.
- vii. If the Cash balance in the tin exceeds £100 cash will be reconciled before the weekend and banked as soon as possible.
- viii. Cash is always banked gross with no deductions.

*c. Childcare Vouchers*

Families may choose to pay using Childcare Vouchers. Voucher companies pay via bank transfer. Some companies send notification that a payment has been made (e.g. Edenred), others publish payment notices on our online account.

- i. Families must check with us to make sure that we are registered with their voucher provider and obtain any necessary codes prior to making a payment.
- ii. The finance manager identifies all families using vouchers in the feecalc spreadsheet.
- iii. The finance manager tracks receipts via email or looking at receipts on the bank account and cross checking at our online accounts with providers.
- iv. On receipt of funds, a numbered receipt is drawn up and given to the family and the income is recorded in the same way as cash and cheques (see b I, iii, iv,v above)
- v. A print out of the email or online account entry is used as supporting evidence in the accounts.

*d. Payment by bank transfer*

In exceptional circumstances we accept payment by Bank Transfer. For example, families who do not come to the Playhouse regularly, late payments. Restrictions on the amount of information that can be included with a transfer to a Building Society account make bank transfers hard to track.

- i. Families must notify us when they make a transfer giving the amount paid and the date
- ii. Once funds have been received they are receipted and recorded as described in b. and c. above.

*e. Fundraising*

Fundraising activities are organised by Management Committee throughout the year. The amount raised in one academic year determines the budget for Educational Resources for the following year (excluding resources purchased using specific funding such as EYPP or grants).

Income from fundraising can be in the form of cash (from a specific event e.g. the Winter Fair, Cake and Feast stalls, raffles etc) or a mixture of cash and cheques (from a longer term activity e.g. Children's Christmas Crafts, Easter fundraiser etc)

*i. Cash Income from an event:*

- 1. A float of £20 in mixed change is kept in a locked drawer at the Playhouse. This float, called the "Fundraising Float" is shown as part of the Cash in Hand balance in the annual accounts.

2. The Treasurer is responsible for making sure that arrangements are made to keep cash secure during the event (e.g. providing a suitable container, making arrangements for notes to be stored securely.)
3. The Treasurer is also responsible for counting the proceeds from a fundraising event:
  - a. The float should be separated from the cash box in mixed change and returned to the Playhouse for safe-keeping.
  - b. The remaining cash should be counted and bagged in cash bags ready for banking.
  - c. A list of the quantity and value of money per denomination of note and coin with a grand total is prepared.
  - d. The Treasurer should notify the Committee by email of amount raised (net of any expenses, if they are known) on the day of the event.
  - e. The Treasurer can either bank the proceeds directly, or give the money to the Finance manager to bank.
  - f. The funds must be banked as soon after the event as possible.

ii. Cash and Cheque income from an activity:

Parents and carers will hand money directly to the Finance Manager during Playgroup hours. A receipt is prepared as in 2. b. above, with the income recorded in the accounts as Fundraising income.

iii. Income from public collections.

Playgroup from time to time have public collection boxes which may be used at an event (e.g. annual Nativity), or left on the counters of local businesses (Pubs) with the agreement of the owner.

1. Our public collections are undertaken with due regard for current legal requirements.
2. Collection boxes are numbered and their allocation and return is recorded.
3. Local business owners who agree to collect on our behalf are given a list of approved collectors to whom collection boxes can be given and are asked to request ID before handing collection boxes over.
4. All collection boxes are sealed.
5. Collection boxes are regularly opened and counted by us. A record is kept of their locations and history of takings.
6. The takings are counted in the presence of 2 approved people.
7. A receipt is given to the business owner to inform them of how much has been collected at their premises.

### 3. Payments

#### *a. By Cheque*

- i. Cheques are used to settle invoices and account balances.
- ii. Cheque payments are made in the form of Building Society cheques.
- iii. Playgroup's mandate with the Cambridge Building Society requires any two from a list of signatories.
- iv. Signatories can include senior management and Trustees (currently the finance manager, the manager and the Treasurer)
- v. The first signatory should never be the person who has prepared the cheque withdrawal request.
- vi. Cheque withdrawal forms are prepared by the finance manager and presented to another signatory (the authorising signatory) with supporting evidence for the first signature. If the authorising signatory is satisfied that the payment is valid and supporting evidence sufficient the withdrawal form is signed.
- vii. The finance manager then takes the withdrawal form to the building society and countersigns the request (second signatory), witnessed by the teller. The teller then prepares a cheque.
- viii. The supporting evidence is used to prepare an accounting entry and filed in the accounts. It is given a unique P reference which is recorded on the paper evidence, in the building society book and in the electronic records. The cheque number is also recorded on the supporting evidence and in the electronic accounts.

#### *b. By Personal Credit Card*

- i. Where a Building Society Cheque cannot be used (i.e.. where payment is required at the time that goods or services are purchased e.g groceries, phone bills, on-line retailers) a personal credit card is used.
- ii. The credit card holder (finance manager) presents an itemised bill each month, along with supporting evidence in the form of invoices for authorisation and reimbursement by Building Society cheque (see 3.a above)

#### *c. By Cash*

- i. Every effort is made to minimise the number of cash payments made. Any cash payments made are done via petty cash.
- ii. Petty Cash is withdrawn periodically from the Building Society, approximately £50/ month.
- iii. Petty Cash is used for amounts less than £10 with the following exceptions:
  1. Grocery bills
  2. Window cleaning (made by Playgroup and reclaimed by invoicing the Joint Venture)
- iv. Petty Cash transactions are recorded on spreadsheet as part of the accounts submitted for inspection. Each item is given a unique reference number which is recorded on the paper receipt. Supporting evidence (paper receipts) are filed in order and presented for inspection with the accounts.
- v. Cash held as petty cash is reconciled to the accounting records at least once a month by the finance manager. **The reconciliation is recorded in the Petty Cash book and countersigned by the Treasurer/ Manager.** Any

discrepancy between the value recorded in the accounts as petty cash in hand and the actual total of cash held as petty cash is recorded as a “write down” in the accounts at year end.

**d. Salaries**

- i. All staff employed by Playgoup are paid in line with Minimum Wage legislation.
- ii. All employees have contracts of employment.
- iii. Personnel records and wage information are stored separately
- iv. Salary levels are reviewed annually as part of the budget for the following year and any bonuses are paid before the year end.
- v. If pay rises are awarded, they take effect from the beginning of the academic year (September) rather than the Financial Year (August)
- vi. Wages are paid monthly, by cheque, on or as close as possible to the last Friday of the month.
- vii. The Playgroup currently employs a Payroll Administrator who ensures that end of year returns (P60 and P11d) are prepared and filed with HMRC
- viii. *Pension arrangements. TBA*
- ix. Statutory deductions (tax and NIC) are made from employees’ wages and forwarded to HMRC each month.
- x. Overtime. When overtime is worked a staff member must complete an overtime claim form which is signed by the Manager and given to the Finance Manager who records the overtime in the Holiday/Sick Leave/ Overtime Diary.
- xi. Time sheets are filled in each month by the Finance Manager and forwarded to the Payroll administrator by email. Staff are asked to sign their entry on the time sheet agreeing to the hours recorded for the month. **The completed Timesheet is countersigned by The Treasurer, Chairperson or, if they are unavailable, the manager.** Timesheets show:
  1. Base Data i.e.:
    - a. Rates of pay
    - b. Contractual hours worked
    - c. Hourly rate
    - d. Tax Code
    - e. NI Number, Date of Birth, Address
    - f. The amount paid for a basic week is annualised. Pay is accrued over 38 working weeks, but paid monthly throughout the year with deductions for contractual holidays. This is calculated as Pay per Week (hourly rate \*hours worked)/ 38 weeks \* 42 weeks = one basic week.
  2. Overtime per week (overtime is paid as it is accrued), based on authorised overtime (see 3. d. x. above).
  3. Unpaid Leave (including sick leave up to SSP)
- xii. The Payroll Administrator prepares HMRC statements and Payslips and emails them to the Finance manager. The Finance manager then reconciles the payslips back to timesheets, then prepares cheques for distribution (following 3.a. above)

**e. Expenses**

- i. Expenses may be claimed by staff and trustees only when an expense has been incurred in the course of carrying out Playgroup business.

- ii. Staff must complete an expenses form which is authorised by either manager and must be supported by a receipt.
  - iii. Trustees must complete an expenses form which is authorised either by the Treasurer or the Chair
  - iv. Up to a value of £10 expenses can be paid from Petty Cash. Over £10, a cheque is given.
- f. *Electronic Banking*
- i. The Playgroup currently use electronic banking.

#### 4. Reserves.

- a. The Trustees consider it prudent to calculate and define our reserves annually. The annual calculation is made at Year End and included in our TAR each year.
- b. The reserves are kept in a high interest account (Business Saver Account) that is accessible at short notice. The interest rate applied to this account is reviewed regularly by the finance manager to ensure that a good return is achieved on the funds.
- c. Any cash surplus at Year End in excess of £2, 000 is added to the reserves.
- d. Reserves are calculated as follows:

1/3 of a year's Salaries and HMRC payments (approximating to 1 term's obligation) + 1 Year's Rent (based on figures for the last full year)

Once this amount has been deducted from the balance on the Business saver account, the remaining balance is the Maintenance Reserve, which is money set aside for the future maintenance of our premises.

Prepared by: Jacqui Woods Date Prepared: 18th August 2015

Amended by: Date Amended:

Date Adopted:

Signed:

for and on behalf of the Trustees of Waterbeach Community Playgroup

# Appendix 1

## Charity Commission Internal Financial Controls Checklist

(Available from [www.gov.uk/guidance/charity-money-how-to-keep-it-safe](http://www.gov.uk/guidance/charity-money-how-to-keep-it-safe))

# Checklist

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## 1. Self-assessment checklist

The questions in this checklist are designed to help charity trustees and their advisers evaluate the charity's performance against the legal requirements and good practice recommendations set out in the commission's guidance on internal financial controls for charities. Trustees should review their charity's performance at least once a year.

Each of the questions on the checklist links to a paragraph of the guidance, where further details can be found. Not all the controls listed will be appropriate for all charities, for example, where a section of the checklist deals with an area of activity that the charity does not undertake then that section of the checklist will not apply.

Charities must always comply with legal requirements and these requirements are identified in the checklist. A 'yes' answer for good practice recommendations does not mean there is no scope for further improvement. A 'no' answer does not always indicate a problem. It may be that the charity has not put in place a particular control because the risk involved is small and the potential loss is acceptable, given the cost that would be involved in putting in place stronger internal controls.

Finally, the answers in the checklist should be based on the trustees' knowledge of what actually happens in the charity and not what they expect to happen. Having an internal control in place is only part of the picture. It must operate in practice to be effective.

## 2. Some key issues, monitoring arrangements and risk of fraud

2.1 Financial controls throughout the charity		Yes	No
Is there segregation of duties to provide automatic 'double check'?			
Do the trustees carry out an annual review of the internal financial controls?			
2.2 Monitoring activities		Yes	No

Are annual budgets of income and expenditure prepared, and approved by the trustees?		
Is performance measured against budgets at regular intervals and explanations sought for variances?		
<b>2.3 Internal audit and audit committee</b>	<b>Yes</b>	<b>No</b>
Have the trustees considered the need to appoint an internal auditor or set up an audit committee?		
<b>2.4 Information and communication</b>	<b>Yes</b>	<b>No</b>
Are the trustees provided with regular information about the financial performance of the charity?		
Do the trustees discuss the financial performance of the charity at each of their meetings?		
Are terms of reference in place for any finance sub-committee, or similar sub-group of the trustee board?		
Does any finance sub-committee report to the full board of trustees for final decision making?		
<b>2.5 Trustees' responsibilities</b>	<b>Yes</b>	<b>No</b>
Are sufficient accounting records kept of all transactions? (legal requirement)		
Have the trustees considered the need for a reserves policy and put in place a reserves policy if one is needed? (legal requirement)		
Do the accounts comply with legal requirements? (legal requirement)		
Are the accounts formally approved by trustees at an annual meeting?		
Have the trustees appointed an auditor or independent examiner? (legal requirement)		
Are newly appointed trustees given a copy of the latest accounts?		

Do the trustees file the annual report and accounts and annual return on time? (legal requirement)		
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2.6 and 2.7 Managing the risks of financial crime and abuse	Yes	No
Are trustees and staff made aware of why the charity is at risk from financial crime and abuse and of typical examples of potential fraudulent activities?		
Does the charity have an anti bribery policy, policies on the acceptance of hospitality, the acceptance of donations and a register of interests in place?		
Does the charity have policies and controls over access to and storage of electronic information?		
Does the charity have computer programmes to protect its data and systems from external interference?		
Does the charity have procedures for reporting suspicions internally, and to the commission and the police?		

### 3. Income

3.1 Income received in the post	Yes	No
Is incoming post opened in the presence of two unrelated people?		
Are all incoming cheques and cash recorded immediately?		
Does the charity keep unopened mail secure?		
3.2 Income from public collections and fundraising events	Yes	No
If the charity undertakes public collections or fundraising events:		
• are public collections undertaken within legal requirements? (legal requirement)		
• are collection boxes numbered and their allocation and return recorded?		

• are all collection boxes sealed?		
• are all collection boxes regularly opened and counted by the charity and a record kept of their locations and history of takings?		
• are collections counted in the presence of the collector and a receipt given to them?		
• are two unrelated people involved in counting and recording the income?		
• is cash banked as soon as possible and without deduction of expenses?		
• are records maintained for each fundraising event?		
For ticket incomes are:		
• tickets pre-numbered?		
• records kept of all persons issued with tickets to sell, and which ticket numbers they have been allocated?		
• records kept of which tickets sold?		
• reconciliations made of money received against tickets sold?		
Has the charity complied with Part II of the Charities Act 1992 where professional fundraisers are engaged? (legal requirement)		
<b>3.3 Gift Aid donations</b>	<b>Yes</b>	<b>No</b>
Does the charity maximise the lawful take-up by its donors of Gift Aid?		
Are regular checks made to ensure all eligible tax repayments are obtained?		
Does the charity keep the records required by HMRC for Gift Aid claims?		
<b>3.4 Legacies</b>	<b>Yes</b>	<b>No</b>
Does the charity identify and monitor the receipt of large legacies and ensure that they are correctly included in the accounts?		
<b>3.5 Tainted charity donations and substantial donors</b>	<b>Yes</b>	<b>No</b>

Has the charity kept the necessary records to identify transactions with 'substantial donors' for donations received up to April 2011? (legal requirement)		
From April 2011, have the trustees put in place procedures to identify 'tainted charity donations'?		
<b>3.6 Trading income</b>	<b>Yes</b>	<b>No</b>
If the charity undertakes trading activities (either trading in furtherance of its objects or noncharitable trading):		
• if the level of non-charitable trading is significant is it carried out in a trading subsidiary?		
• does the charity have a pricing policy for the goods and services supplied?		
• does the charity have invoicing procedures for goods and services supplied?		
• does the charity review outstanding debts and collection procedures?		
• are there procedures to reconcile amounts invoiced and cash received to outstanding invoices?		
<b>3.7 Banking and custody procedures</b>	<b>Yes</b>	<b>No</b>
Are incoming receipts banked promptly?		
Is insurance held to cover the contents of the safe or cash box and cash in transit?		
Are funds banked without deduction of expenses?		
<b>3.8 Checks on income records</b>	<b>Yes</b>	<b>No</b>
Are regular checks made to ensure income records agree with the bank paying-in books and statements?		
Are checks made by someone other than the person who made the entry in the accounting records?		

## 4. Purchases and payments

4.1 Controls and authorisation of expenditure on goods and services		Yes	No
Is there a written policy on the authorisation of expenditure?			
Are invoices received checked against orders confirming pricing and the receipt of the goods or services ordered?			
4.2 Controls and authorisation of expenditure on grants		Yes	No
If the charity makes grants, does it have a grant-making policy?			
Does the charity make and monitor grants in accordance with the grant-making policy?			
4.3 Payment by cheque		Yes	No
Does the charity follow any stipulation in the governing document about who can sign cheques?			
Does the bank mandate require at least two signatories?			
Is there a practice of not signing of blank cheques?			
Are cheque books etc kept in a secure place with access only by nominated persons?			
Are any monetary limits placed on an individual's signing recorded in writing?			
Is all cheque expenditure recorded in the cash book and noted with the relevant cheque number, nature of payment and payee?			
Are cheques signed only with documentary evidence of the nature of the payment, eg invoice?			
4.4 Payments by debit/credit/charge card		Yes	No
Does the charity have a policy for the use of payment cards, including the criteria for their issue, spending limits and security?			
Does the charity communicate the policy for the use of cards to all trustees and			

staff using them?		
Are cards cancelled when the holder ceases to work for the charity?		
Is all card expenditure supported by vouchers and invoices and recorded in the accounting records each time the card is used?		
Are card statements sent to the charity finance team and checked to supporting records and invoices?		
Is the cardholder's use of the card independently reviewed periodically to confirm its use is consistent with the policy?		
<b>4.5 Payments by direct debits, standing orders and BACS direct credit</b>	<b>Yes</b>	<b>No</b>
Are only named individuals authorised to set up direct debits, standing orders and direct credits?		
Does the charity use a dual authorisation system for BACS payments?		
Does the charity monitor the arrangements to ensure that automatic payment arrangements are cancelled when the goods and services are no longer being supplied to the charity?		
<b>4.6 Payment in cash</b>	<b>Yes</b>	<b>No</b>
Is every effort made to minimise cash payments?		
Are all payments by cash made from a cash float and not from incoming cash?		
Is supporting documentation authorised by someone other than the person maintaining the petty cash or the person making the claim?		
Are details of all payments entered in a petty cash book?		
Are regular independent checks made of the petty cash float and records?		
<b>4.7 Wages and salaries</b>	<b>Yes</b>	<b>No</b>
Are statutory deductions (tax and NIC) made from employees' wages and salaries		

and regularly forwarded to HMRC? (legal requirement)		
Does the charity comply with minimum wage legislation? (legal requirement)		
Are any other deductions from salaries made only where they are required or authorised? (legal requirement)		
Are the end-of-year returns (P60 and P11Ds) completed and filed with HMRC by the deadline? (legal requirement)		
If the charity employs staff are the required pension arrangements in place? (legal requirement)		
Do all employees have contracts of employment?		
Are personnel records kept and held separately from wages records?		
Are salary levels properly authorised and recorded?		
Is there a system of authorisation for recording and notifying starters and leavers, changes of hours and other payroll changes?		
Are payments made by BACS?		
<b>4.8 The payment of expenses and reimbursements</b>	<b>Yes</b>	<b>No</b>
Does the charity have a written policy to cover the payment and reimbursement of expenses?		
Is the policy communicated to all trustees, staff and volunteers?		
Are expenses reimbursed only where the individual incurred the expense in the course of carrying out the charity's business?		
Does the expense claim include a self-declaration that the claim is accurate and incurred on the business of the charity?		
Are reimbursements made by BACS transfer or cheque?		
If the charity pays mileage rates for travel are the rates in accordance with HMRC approved rates?		

4.9 Loans		Yes	No
Are the terms of the loan documented?			
Does the charity have a repayment plan in place to repay the principal and any interest due?			
4.10 Checks on expenditure records		Yes	No
Are regular checks made to ensure expenditure records are accurate and agree with the bank statements?			
Are regular checks made to ensure no discrepancies between the payments made and the original invoice or payment records?			
Are checks made by someone other than the person who made the entry in the accounting records?			

## 5. Assets and investments

5.1 Controls over fixed assets		Yes	No
Is a comprehensive fixed asset list held and updated regularly?			
Are assets checked regularly to ensure they are still in good repair and are of use to the charity?			
Has insurance cover been considered?			
Is the use of fixed assets reviewed annually (to ensure put to best use and serving the charity's interests)?			
5.2 Investments		Yes	No
Does the charity have an investment policy?			
Does this policy include the need to consider diversification of investments, including bank accounts?			
Is the performance of investments regularly reviewed?			

Is professional advice taken, where appropriate, on the selection or disposal of investments?		
Does the charity inspect investment properties to ensure tenant covenants are adhered to?		
Are there controls to ensure that all investment income due is received?		
<b>5.3 Money held as a current asset</b>	<b>Yes</b>	<b>No</b>
Are secure records held of all bank and building society accounts?		
Are bank statements regularly received and regular bank reconciliations carried out?		
Are instructions to open or close accounts properly authorised and reported to trustees?		
Are checks made to ensure that there are no dormant accounts?		
Are the accounts monitored to ensure there is no third party use?		
Do the trustees regularly review the costs, benefits and risks of their current and deposit accounts?		
<b>5.4 Electronic banking</b>	<b>Yes</b>	<b>No</b>
If the charity uses electronic banking to make payments does the system used require authorisation of transactions by two individuals?		
Are PCs kept secure with up-to-date anti-virus and spyware software and a personal firewall?		
Are trustees and staff made aware of the need to ensure that the charity's security details (including the password and PIN) are not compromised?		
Is the PIN and password regularly changed, for example to mitigate the risks of compromising security when individuals leave the charity?		
Does the charity maintain a list of persons (trustees and staff) who are approved to have access to the PIN and password?		
Does the charity keep an audit trail of electronic banking transactions?		

Have those using online banking facilities been trained in their use?		
<b>5.5 Non-traditional banking</b>	<b>Yes</b>	<b>No</b>
If the charity uses non-traditional banking methods:		
• are policies set and approved by trustees defining the circumstances when non-traditional banking methods may be used?		
• is the use of such methods limited to essential transfers where traditional banking methods cannot be used?		
• does the charity keep an audit trail of non-traditional banking transactions?		
• does the charity ensure that the controls that are in place for its traditional bank transactions also operate with non-traditional banking transactions?		
<b>5.6 Restricted funds and endowment funds</b>	<b>Yes</b>	<b>No</b>
Are procedures in place to ensure that any restrictions put on the use of funds, by the donor or through an appeal, are observed?		
Does the charity ensure that the conditions attached to permanent endowments are observed?		

# Appendix 2

## Parent Guardian Contract



Reference Documents

## Parent/ Guardian Contract

Waterbeach Community Playgroup is a registered charity and as such finds it necessary to undertake fundraising to enable it to continue providing excellent care for all children that attend.

All parents/ guardians of children with places at Waterbeach Community Playgroup are expected to help with such fundraising in whatever way they can i.e. by donating gifts, ideas and time. Such assistance and generosity ensures that the Playgroup can survive in the long term and that your child has the best possible start to their education.

Parents/ guardians are asked to be prompt with their payment of fees which should be done on a weekly or half termly basis. Fees which are overdue by over two weeks may result in a child being unable to attend until payment is made in full.

If a child is leaving, two weeks' notice is required. A child may attend for those two weeks, but if not fees will still be payable for that period. Children funded by the LEA, but not attending for the two week period will require fees to be paid by their parents/ guardians as the LEA does not fund notice periods.

Those children eligible for LEA funding will require a grant form to be submitted each term and proof of the child's date of birth to be provided. Prompt return of the form is required to ensure that all applications are with the LEA by the deadline and funding is available at the correct time.

Waterbeach Community Playgroup reserves the right to charge parents for late collection of children in order to recoup the cost to the Playgroup of providing staff to care for that child whilst waiting for their parent or guardian. The scale of charges is available on request.

Thank you for working with us and we hope you and your child's time with us is enjoyable.

***I acknowledge that I have read and understood the above paragraphs and agree to be bound by them.***

**Signed** \_\_\_\_\_ **parent/ guardian**

**Dated** \_\_\_\_\_

# Appendix 3

## Sample Invoice

**INVOICE**Registered Charity:  
1009956

Ofsted: 221774

Invoice Period	Summer (2nd Half Term)	2nd June to 17th July
Child's Name	<b>Child</b>	<b>Example</b>
Playgroup Fees		£185.00
Registration Fee		£0.00
<b>Total Due</b>		<b>£185.00</b>

**Terms:**

Fees are charged at £5.00 per hour for two year olds, and £ 4.00 per hour from the term after a child turns 3. Hours funded by the County Council are deducted from the total each term. We calculate fees on a termly basis in line with the County Council Funding schedule, but issue an invoice to parents each half term. The amount due at this time is shown in the table above. The table below shows the fee calculation for the whole term for your information.

Payment can be made by cash, cheque (payable to Waterbeach Community Playgroup) or childcare vouchers (please see Jacqui for details).

You may pay in one lump sum per half term or by weekly or monthly instalments. Please confirm how you will be settling your bill as soon as possible.

Payments must be made in a timely manner. If you choose to pay the full amount due for a half term, the payment must be made within the first two weeks of the half term. If you choose to pay by instalment, you must pay each week – instalments cannot be carried forward unless your child is absent from Playgroup. We do not permit outstanding balances to be carried forward to the next half term.

From Autumn 2014 a one-off registration fee is payable in the week that your child joins the Playgroup. This charge is made to cover the cost of registering a child, each child registered will receive a T-shirt and book bag.

*If you are unable to settle your bill in the appropriate time frame, please let us know as soon as possible. You should be aware that failure to settle this bill in a timely manner may affect your child's place at Playgroup. If you have any questions regarding this bill, please see Jacqui*

**For Information Only - Termly Fee Calculation**

Calculation Period	SUMMER TERM 2015
Total Hours	105
Funded Hours	30
Billable Hours	75
Hourly Rate	£5.00
Amount payable for Term	£375.00
Amount Paid to Date	-£190.00
Adjustments	£0.00
<b>Total Outstanding for Term</b>	<b>£185.00</b>

## Appendix 4

# The Role of the Treasurer

## The Role of the Treasurer

The Treasurer is a member of the Management Committee. The Treasurer is responsible for overseeing all the financial activities of the Playgroup, ensuring that proper records are kept, financial procedures are sufficiently robust and all statutory reporting is done at the appropriate time. The Treasurer's responsibilities are itemised in the body of this document. For ease of reference, they are summarised here. If the Treasurer is unable to carry out any of the duties outlined here, the Chairperson can delegate responsibility to another Trustee, the Finance Manager or the Manager.

### *Self-assessment checklist.*

The Treasurer and Finance Manager review the Charity Commission Self-assessment checklist together annually (Autumn Term) and present findings to the Committee (see 1. c. above)

### *The Accounts*

The accounts are presented at the Playgroup Annual General Meeting by the Treasurer or Finance manager for approval by the Trustees. (1.d. iii. )

### *Income*

The total cash and cheques received each week in respect of fees is recorded in the weekly takings spreadsheet (receipts by week.xls) by the finance manager. The totals shown on the spreadsheet are based on the carbon copy receipts. An actual cash and cheque figure is recorded on the spreadsheet. If there is a discrepancy between the two an explanation is given if possible and the amount of the weekly takings are reduced/ increased accordingly. This sheet is countersigned by the Treasurer, Chair or setting manager. (2. B. v.)

### *Fundraising*

Cash Income from an event:

- A float of £20 in mixed change is kept in a locked drawer at the Playhouse. This float, called the "Fundraising Float" is shown as part of the Cash in Hand balance in the annual accounts.
- The Treasurer is responsible for making sure that arrangements are made to keep cash secure during the event (e.g. providing a suitable container, making arrangements for notes to be stored securely.)
- The Treasurer is also responsible for counting the proceeds from a fundraising event:
  - The float should be separated from the cash box in mixed change and returned to the Playhouse for safe-keeping.
  - The remaining cash should be counted and bagged in cash bags ready for banking.
  - A list of the quantity and value of money per denomination of note and coin with a grand total is prepared.

- The Treasurer should notify the Committee by email of amount raised (net of any expenses, if they are known) on the day of the event.
- The Treasurer can either bank the proceeds directly, or give the money to the Finance manager to bank.
- The funds must be banked as soon after the event as possible. (2.e.i.)

### *Payments*

#### **Petty Cash:**

Cash held as petty cash is reconciled to the accounting records at least once a month by the finance manager. The reconciliation is recorded in the Petty Cash book and countersigned by the Treasurer/ Manager. Any discrepancy between the value recorded in the accounts as petty cash in hand and the actual total of cash held as petty cash is recorded as a “write down” in the accounts at year end. (3.c.v.)

#### **Salaries:**

Time sheets are filled in each month by the Finance Manager and forwarded to the Payroll administrator by email. Staff are asked to sign their entry on the time sheet agreeing to the hours recorded for the month. The completed Timesheet is countersigned by The Treasurer, Chairperson or, if they are unavailable, the Manager (3.d.xi)

The Treasurer should also check and sign off on any final salary adjustments made when a member of staff leaves (l.e. annualised pay, holiday pay, training costs)

### *Expense Claims*

Trustees must complete an expenses form which is authorised either by the Treasurer or the Chair before being passed to the Finance Manager for processing.(3.e.iii.)

# Appendix 5

## Staff Salary Calculations

**(i) Staff are paid for hours worked each week plus 5.6 weeks' statutory annual paid holiday. Giving a total of 42 paid weeks per year as follows:**

Actual Weeks worked = 36.4

Annual paid holiday = 5.6 weeks

Total = 42 paid weeks per year

**Our Year breaks down as follows:**

Actual weeks worked = 36.4 weeks

Annual holiday = 5.6 weeks (28 days)

Unpaid weeks = 10 weeks

For the purposes of calculating holiday entitlement, annual leave is taken during the Summer break.

**(ii) Salaries are paid for 52 weeks of the year, calculated as follows:**

$$\frac{(\text{Hours worked per week} \times \text{rate of pay}) \times 42 \text{ weeks}}{52 \text{ weeks}} = \text{annualised weekly pay}$$

For example:

Staff Member	Hourly Rate	£8.31		
Day	Hours Worked			
Monday	6.5			
Tuesday	6.5			
Wednesday	4.25			
Thursday	6.5			
Friday	6.5			
<b>Total</b>	30.25	£251.38	Annualised *42/52	£203.04

**(iii) When a member of staff leaves during a year, two adjustments are required:**

A) Adjust actual hours worked vs. Annualised pay

B) Adjust for accrued holiday pay

All calculations and adjustments follow Government requirements for holiday entitlement and ACAS guidance. [www.gov.uk/holiday-entitlement-rights](http://www.gov.uk/holiday-entitlement-rights)

A) *Calculated as follows:*

Actual weeks worked (adjusted to exclude any unpaid leave taken)\* rate of pay vs. Annualised pay received.

Depending on when the staff member leaves, they may owe or be owed money. (Half terms, Christmas, Easter and bank holidays are part of the unpaid 10 weeks of the year and will therefore be deducted to find actual weeks worked)

B) *Calculated as follows:*

Holiday accrued on actual weeks worked. This includes notice period and sick leave. As leave is assumed to be taken during the summer break, holiday pay will always be due to the member of staff.

e.g. If a member of staff has worked for 20 weeks then accrued holiday would be calculated as:

$5.6 \text{ weeks} / 36.4 \text{ weeks} * 20 \text{ weeks} = 3.08 \text{ weeks due}$

A and B are calculated and the total amount is then added or subtracted from their final salary payment.

A copy of the adjustment, checked and signed by the Treasurer should be given to the member of staff with their final pay slip.