



Milborne Ladybirds Playgroup

FINANCIAL RESERVES POLICY

- In order for the Preschool to run as effectively as possible, from a financial aspect, the right balance needs to be arrived at between prudent financial control and operational functionality.
- As a Charity the Management Committee has a responsibility to ensure that its finances are correctly managed and focused on the aims and objectives of the Preschool. In doing so it must allow for those providing the day to day operations of the Preschool to operate within agree financial parameters to minimise delays and meet the needs of the children.
- While all expenditure needs the approval of the Committee this, in certain areas, could impose prohibitive delays on the Preschool operations.
- By agreeing a detailed budget and reporting on it on a monthly basis both management and Staff can monitor the situation and take appropriate action. It will also allow for that element of flexibility that is needed for the smooth and efficient running of the Preschool to take place.
- The Supervisor shall have control of the amounts allocated annually to the following budgets relating to Books, Materials, Food and Non-Capital Equipment. Expenditure on items relating to these budgets will not need Management Committee approval prior to any purchases. However, it is expected that the Manager will remain within the budget allowances through the financial year.
- To ensure that the Preschool can meet its financial obligations to staff and major creditors it will maintain an operational reserve. The amount of funds in this reserve should be considered annually by the Management Committee following recommendations by the Treasurer, but should be at a level where our financial obligations can be met should this reserve be called up. Should this reserve need to be called upon then the control of the budgets defined above, that the Manager has, will be suspended and all control would revert to the Management Committee.

Reviewing the Policy

The Financial Reserve Policy will be kept under review and will be reviewed annually
 This policy was reviewed and agreed at a meeting of the Management Committee held on 25
 August 2020

Signed  Chairperson