

## **Webinar: Why do Parent Carer Forums need a Financial Control Policy?**

**Childcare receipts: we are aware that the request is for receipts only from registered childcare, but some children prefer to stay with family members who, although not registered, are trustworthy. Can we cover childcare in these instances please?**

Yes, family members can provide childcare but some sort of proof would have to be provided for the purpose of monitoring for example, name and address, hours spent, rate charged. We can't just accept 'X hours of childcare at cost £500 provided by (unidentified) family member' as a line of expenditure as this is not sufficiently transparent. Therefore on the parent's expense claim form, the hours of childcare should ideally be related to a line of activity for example attendance at steering group meeting. You and your relative should be aware that this might have implications for them in terms of their earnings, tax position, they would have to check that themselves.

**Is there any guidance on paying childcare costs, i.e. is there a reasonable amount or does it depend on individual circumstances? Some requests might be £10s and some might be £100s.**

There are examples online with regard to paying for child minders; below are what appear to be rates used in a variety of areas. However, it is up to the forum steering group to determine this. Make sure that the agreed rates are discussed at the forum, that decisions are minuted and preferably stated within a remuneration policy.

- Full Time Place: £150 - £250 per week (average £207.55)
  - Part-time Places: £30 - £35 per day
- Before and After School: £3.50 - £5.50 per hour (average £83 per week)

**If your forum has a fund-holder that is a reputable, long-standing business/charity (3<sup>rd</sup> party), at various places in the financial policy document does the forum:**

- **Simply say 'the forum passes this onto "3<sup>rd</sup> party" who deals with it under their financial policy'**
- **Or 'the forum passes this onto "3<sup>rd</sup> party", to be dealt with under their financial policy which is...[details of the 3<sup>rd</sup> party's financial procedures]'**

The issue is to make sure that the forum is at the heart of all decision making with regard to spending the grant. Equally they are responsible for monitoring the spend and the outcomes. Providing that the 3<sup>rd</sup> party's financial policy meets the requirements of Contact a Family then the forum must decide whether or not using a 3<sup>rd</sup> party meets their requirements.

**We are planning to use internet banking going forward. Is it possible to have more than one person to authorise a payment?**

This clearly needs to be discussed with the bank. We know that in joint account situations either party can carry out all the functions of paying in and drawing out monies. It therefore seems feasible that two signatories on the account could carry out all functions. We strongly advise that that when using online banking payments that you do not authorise payments to yourself.

**Is it ever acceptable not to have receipts, for example if the spend is say under £10?**

It is always advisable and is considered to be good practice to have receipts so that your accounting is accurate and evidenced.

**Where do you stand if at a given time only 2 people would come forward to be signatories?**

It is not ideal but if no one else is willing then that is the situation you are in. It may be possible to seek support as a third signatory from a co opted or associate member. If you still only have two signatories then it would be worth looking at other safeguards. For example it would be advisable to present your accounts to the forum on a more regular basis, this will demonstrate openness and transparency and safeguard the two members who are signatories.

As with a previous question this situation is difficult if you end up signing for money that is owed to you.

**We have made the mistake of purchasing an item at the same time as buying something else, although we will not do it again. Will this be okay?**

Yes, it is acceptable to claim the amount back for that item however; in the future it is advisable to purchase forum and personal items separately to avoid any confusion or miscalculations.

**The point about two quotes: at what level of money would you instigate this policy?**

Forums need to take all reasonable steps to get quotes for the services that they are using and make sure that as far as they are able that they are getting value for money for the services that they use.

Purchases of goods or services over a value agreed by the committee/steering group will be subject to obtaining at least two quotes, and the subsequent decision based on value for money and minuted by the committee/ steering group.

**What if the forum uses LA financial regulations? Where a forum has close links to parent partnership service (PPS at arm's length to LA but uses financial regulations)? Should the forum agree this as part of a constitution policy or is it advised that they have their own financial policy?**

It is highly likely that the LA Financial regulations are fairly robust and therefore could be used and referenced in your financial control policy. It must be stressed that parents should be at the heart of spending and monitoring the grant, as it is they who have applied for it and have a responsibility to ensure financial accountability.

**Is it acceptable to use BACS payments for paying general invoices?**

Yes, the use of BACS is appropriate and can be evidenced for monitoring purposes.

**What is classed as reasonable mileage rates? Should we follow the HMRC guidelines of 45p per mile?**

Yes, HMRC guidelines are a good way of agreeing a mileage rate. Make sure you build expected claims in to your budget profiling and that you minute the rate agreed.

**What is the difference between honorariums, remuneration, petty cash and a paid salary for forums?**

An honorarium is an ex gratia payment (i.e. a payment made without the giver recognizing themselves as having any liability or legal obligation) made to a person for their services in a volunteer capacity, or for services for which fees are not traditionally required.

Remuneration is the compensation that one receives in exchange for the work or services performed.

A salary is a form of periodic payment from an employer to an employee, which may be specified in an employment contract.

I presume that the reference to Petty Cash is someone being given monies owed for service or goods.

Petty cash is a small amount of discretionary funds in the form of cash used for expenditures where it is not sensible to make any disbursement by cheque i.e. for paying parents' travel expenses to an event of meeting.

**If we wish to amend/tweak the current grant, is there a process we need to follow in which to make any changes?**

Yes there is. We realise that it can be difficult to decide at the start of the year what you want to spend your grant money on, and that things do change over the course of the year for very legitimate reasons. If at any time during the grant period you realise that you need to amend the grant spending first of all you need to discuss this with your regional advisor. Once you have talked it through and if the advisor feels that the amendments would fit the conditions of grant they will help you to fill in a grant variation form, which asks for the values of the change; the details of it; and the reasons for the change. If it is a small amount (<£500) the advisor can approve this and make a note in your area's file that there has been a change. For amounts above £500, approval will be sought from a manager. Once your advisor or the manager has got back to you to confirm that the variation has been approved you can go ahead and vary your spending in line with the information on the variation form.

We would not expect you to do a grant variation if your categories of spend remain the same and there have been minor increases or decreases in the amounts from those specified on the application, e.g. you spent £100 more on parents' expenses and £120 less on postage. For a grant variation we are talking larger amounts in one or more categories, or a new category of spend, and the knock on effect that this has on other items in your budget, which would need to be changed as a result.

It is important to remember that you had an approved grant variation when it comes to the grant monitoring as you will need to monitor for the £15,000 against the amended spend and not for the original amounts that you had put on your grant application. There is a question at the top of the budget table that asks if you had a significant variation and if it was approved by Contact a Family. However, if there is an unapproved variation this may affect the amount which we are able to sign off as part of the monitoring process.

As a general rule of thumb - if you are unsure or have any questions about your grant spending please contact your regional advisor to discuss; your advisor will be able to let you know if you need to get your variation approved.

### **Is there a sample Financial Policy available on the Contact a Family website?**

Yes, there are sample policies on the website these include one from a small independent forum, one from a charity forum and one from a forum who sit under an umbrella organization.

### **If a receipt (over 6 months old) has been lost, is a handwritten receipt on company headed paper acceptable? For example, if the company cannot go back more than 6 months to print a receipt but can see the sale?**

Mistakes happen and things do get lost. If the provider can supply you with a proof of purchase on official company headed paper then this will have to suffice. Make sure you bring the matter to the steering group's attention.

### **Can we pay expenses using gift cards?**

This has become common practice in some areas. However, it is not advisable as it could be seen as a means of tax avoidance. Forums often use this as a means of rewarding parents for taking part in particular activities e.g. a consultation or meeting. If used more than as a one-off in any calendar year they are classed as income and could affect benefits or be classed as income and taxable.

#### Things to note on One-off payments

It is possible to make a payment to a parent carer for a one-off involvement activity, which takes place on one day only within one financial year. This payment is viewed as a thank you gift. It can be paid to parent carers to feedback their views in a consultation.

The payment should be a reasonable amount for the activity and there should be no prior involvement within the same financial year (from 6 April). It could be given as a voucher, which may be easier for the forum to provide an audit trail.

It is possible that it could be paid as an incentive and thank you to parent/carers attending a focus group for the day.

People on benefits should inform Jobcentre Plus but it should not affect a person's entitlement to welfare benefits (provided the amount does not take their savings above the capital limit for

benefits). Tax and National Insurance do not usually apply to one-off payments and should not be deducted.

Notifying Her Majesty's Revenue and Customs (HMRC) about one-off payments is not required, provided they are for one day only in the financial year.

#### Honorarium and vouchers

Rather than pay an hourly rate, forums sometimes consider paying parent carers a single payment (honorarium), or by giving them vouchers, for a complete piece of work. For example running a consultation, writing a report. Both of these would be considered as taxable income by the Inland Revenue and could affect parent carer's benefits.

#### Important things to consider

If you are going to offer to pay parent carers for specific tasks you first need to consider:

- Whether the Inland Revenue might consider the forum as an employer and the implications if this happens
- The responsibility of parent carers being paid as self-employed to notify the Inland Revenue
- The possible impact for parent carers who are on benefits.

Basically we would advise forums not to use vouchers as it is a bit of a minefield