



BEDFORD BOROUGH COUNCIL

Appendix 2 - Financial and Accounting Arrangements

Banking

The provider must maintain a specific bank account for the institution. This should be dual signatory, unless a provider is a sole trader. Bedford Borough Council can only pay Nursery Education Funding (NEF) into that account. Any change to the bank account details must be confirmed in writing and be signed by the Provider's named contact.

Insurance

Providers must ensure that adequate and suitable insurance at all times to cover all claims made by or on behalf of children, staff and visitors to the premises in respect of loss or damage to property or goods, personal injury, disease and death, to the extent that such claim was due to the act or omission of the provider or its staff.

Providers must, if requested by Bedford Borough Council, produce valid certificates of insurance covering these risks. Providers must notify Bedford Borough Council within seven days of any claim in respect of personal injury, disease or death made against them by or on behalf of a child arising out of nursery education in respect of which NEF was claimed.

Audit and Record-keeping

The local authority can carry out checks and/or audits on providers to ensure compliance with the requirements of delivering the free entitlements

Providers must comply if they are audited.

Suspension of registration by Ofsted or a breach of statutory requirements of safeguarding issues may result in the termination of the arrangement and withdrawal of funding and removed from the Early Years Directory of providers

The provider is required to keep financial accounts of the receipt and use of NEF. The provider must follow the requirements and adhere to the deadlines and frequency of any statutory or professional regulation governing their legal form (e.g. Companies Act, SORP, Charities Act.)

Providers will be expected to maintain adequate accounting records that enable the production of financial accounts at any time. It is expected that the accounting system will be underpinned by a robust internal control system that helps to safeguard against fraud on the part of directors, governors, staff or parents with particular regard to inaccurate, incomplete or misleading claims for a payment

Bedford Borough Council is required statutorily to ensure that NEF is used appropriately. To demonstrate this, we may need to conduct investigations when information is received about the use of NEF and will conduct random rolling audits. To enable this scrutiny, providers are required to maintain a clear audit trail.

Where Bedford Borough Council is satisfied that suitable arrangements are in place to ensure that strong internal controls are in place and are subject to an external audit, then the provider may submit a certificate from an auditor or external examiner stating that such controls are in place and that the

NEF has been utilised in accordance with the DfE Statutory Guidance and Bedford Borough Council's Provider Agreement. However, we reserve the right to require further information or explanations as below.

Alternatively, providers are to make available to Bedford Borough Council, on request, copies of their accounts complying with the audit and accounting arrangements contained within these requirements or any regulations or conditions that supersede, revoke or replace these within 28 days of the request.

In addition, they are to allow access to all appropriate accounts, registers, documents and other materials, and provide such assistance with their interpretation as required. Bedford Borough Council will provide up to 1 working days' notice of such requirements or requests.

Audits are an important aspect of ensuring that early education provision is both effective and tailored to suit the needs of those who access it.

Providers will be selected for audit on the basis of random sampling.

The aim of the audit will ensure:

- Only eligible children claim early education funding
- The correct amount of funding has been claimed
- That children who have been withdrawn and children who have started during the term have been accurately recorded
- That the provider maintains adequate records
- That all early education funding has been earmarked for the benefit of the children to whom the free entitlement applied
- That the provider has clear policies related to early education funding.

So that providers can easily meet and complete all requirements for the audit, a guide is given below.

Providers will be contacted to agree an appointment to conduct an NEF audit. This will be confirmed in writing.

Information required for each audit will include:

- Copies of attendance registers for the relevant terms
- Evidence that providers can prove a child's eligibility for early education funding
- Evidence of NEF reimbursement to parents (if applicable), e.g. invoices
- Evidence of parental agreement to reimbursement arrangements, if applicable
- Information on charges to parents
- Information on free entitlement and instructions of claiming for parents
- Evidence that all attendance and finance records are maintained for a period of 3 years
- Explanations and relevant documentary evidence for any children that have not attended the required number of weeks but for whom funding is still being claimed. Where a child has withdrawn from the provider during the term, Bedford Borough Council should have been informed within 5 working days.

Following the audit, providers will be informed in writing of the findings of the audit. The report will detail any changes in practice that are required, rationale for the changes and the urgency with which these should be implemented by the provider. The report may also make recommendations in accordance with Bedford Borough Council's aim to promote best practice across providers. At this stage, providers will also be informed of any adjustments to funding if necessary and advised when, approximately, the next audit will take place.

It is anticipated that some providers will be visited to review the response to the audit findings report. Failure to implement changes within the timescales listed in the report will have implications for future funding arrangements.