



An Roinn Leanáí, Comhionannais,
Míchumais, Lánpháirtíochta agus Óige
Department of Children, Equality,
Disability, Integration and Youth



Core Funding Financial Reporting Requirements Frequently Asked Questions

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Background

In September 2022, Minister O’Gorman launched *Together for Better*, the new funding model for early learning and childcare. *Together for Better* brings together the Early Childhood Care and Education (ECCE) programme, including the Access and Inclusion Model (AIM), the National Childcare Scheme (NCS), the Core Funding scheme and the Equal Participation Model (under development).

Core Funding is a grant to Early Learning and Care (ELC) and/or School Age Childcare (SAC) providers towards their operating costs. It is designed to deliver:

- Affordability for parents through ensuring no increases in fees and that providers offer NCS and ECCE to all eligible children;
- Quality in services, including through better terms and conditions for staff and supporting graduate leadership in services; and,
- Sustainability for providers through substantially increased funding to the sector, paid on a consistent and equitable basis.

Financial Reporting requirements under Core Funding was a recommendation of the Expert Group in their report *Partnership for the Public Good* who identified the need for robust data to underpin funding policy. This Financial Reporting requirement was included in the Core Funding Partner Service Funding Agreement for the 2022/23 Programme Year.

In October 2023, the Department sent a communication to the Sector, which outlined the Financial Reporting requirements for Core Funding. This initial communication outlined the requirement for services to provide a detailed trial balance as a means to fulfil this requirement. Following issues raised by the Sector regarding this requirement, the Department re-engaged with Stakeholders with the view to introducing a Transitional Phase that would significantly streamline and simplify these reporting requirements for Year 1 and 2 of Core Funding.

This revised reporting requirement will consist of a sector specific Income and Expenditure Template which will provide a tangible foundation for the analysis of the cost drivers within the sector, providing evidence based financial data to support the development of future policy. This Income and Expenditure Template will significantly reduce the reporting requirement on services while ensuring the Department has essential data to inform the ongoing development of the allocation model for Core Funding and wider funding policy.

Further to this, the Minister for Children, Equality, Disability, Integration and Youth is required to ensure all Exchequer funding is managed in a clear and transparent manner. This includes a requirement to ensure robust and transparent Financial Reporting structures are in place.

This FAQ document aims to support providers in understanding these revised reporting requirements and their obligation to complete Financial Reporting requirements as per the Core Funding Contract for Programme Years 1 and 2.

Section 1: Reporting Requirements for Core Funding Year 1

1. What are the Financial Reporting requirements for Year 1 of Core Funding?

The Financial Reporting requirement for Year 1 of Core Funding is an Income and Expenditure Template underpinned by sector-specific nominal codes contained in the Core Funding Chart of Accounts. There will be a two phased approach to the Financial Reporting Requirements for Year 1 as follows;

The Core Funding Contractual Reporting Services portal will be open to providers to register and to link their nominated accountant on or before the **29th April 2024**.

The Core Funding Contractual Reporting Services portal will be open on or before the **31st May 2024** to accept completed Income and Expenditure Templates.

The deadline for submitting the completed Income and Expenditure Templates will be **26th June 2024**

In advance of the portal opening, providers can with their accountant complete the Income and Expenditure Template.

2. Who has to complete an Income and Expenditure Template for Year 1 of Core Funding?

Any service, which received a Core Funding grant during the 2022/23 Programme Year is required to complete the [Income and Expenditure Template](#) for Year 1 of Core Funding and engage an accountant to map the income and expenditure information onto this Template and submit it on the Core Funding Contractual Reporting Services portal (www.cfcrs.ie). This is in line with the Core Funding Partner Service Funding Agreement 2022/23. This requirement includes services that were only in Core Funding for part of the year.

In the case of a multi-site service, an Income and Expenditure Template is required for each service with a unique Service Reference Number (SRN).

3. What if a provider retires or the service closes down having received Core Funding in 2022/23, are they still required to provide an Income and Expenditure Template?

Yes, any service, which received Core Funding during the 2022/23 Programme Year, is required to complete the Income and Expenditure Template for Year 1 of Core Funding and engage an accountant to map the income and expenditure information onto this Template and submit it on the Core Funding Contractual Reporting Services portal (www.cfcrs.ie). This is in line with the Core Funding Partner Service Funding Agreement 2022/23.

4. Will Partner Services need to report on Income and Expenditure if they opt out of Core Funding for the coming year?

If the service received Core Funding during the 2022/23 Programme Year, and subsequently decides to opt out of Core Funding in subsequent years, they are required to complete the Income and Expenditure template and for Year 1 of Core Funding and engage an accountant to map the income and expenditure information onto this Template and submit it on the Core Funding Contractual Reporting Services portal (www.cfcrs.ie).

If the service does not receive Core Funding during the 2023/24 Programme Year, no Income and Expenditure Template for 2023/24 Programme Year (Year 2) will be required.

5. If a service/company changed ownership during or at the end of 2022/23 Programme Year, who is responsible for completing the Income and Expenditure Template?

The provider/s who signed the Core Funding Partner Service Funding Agreement/s for that particular Programme Year are responsible for completing the appropriate Income and Expenditure Template/s for the relevant part of the reporting period.

6. What are the dates covered in the Financial Reporting period for year 1 of Core Funding?

By default, your Income and Expenditure Template for Year 1 must cover the period from 1 September 2022 to 31 August 2023 inclusive; i.e. the entire Programme Year. However, if you joined Core Funding after the Programme Year had already started, then your reporting period commences on the particular date your contract was activated. If you find it easier to submit an Income and Expenditure Template that covers the entire Programme Year, that is also acceptable to the Department.

7. What is the date for submission of the Income and Expenditure Template for Year 1?

The completed Income and Expenditure Template for Year 1 must be submitted by 26th June 2024

8. Can the deadline be extended further?

In determining the deadline of 26th June, the Department has tried to offer as much time as possible to services to submit completed Income and Expenditure templates while also ensuring the Department has sufficient time to analyse the Income and Expenditure templates, which form a key input into the ongoing development of the allocation model of Core Funding.

Services will have the option to self-submit draft Income and Expenditure Templates by this deadline (see section 2, FAQ 5 & 6)

9. Do I have to submit Audited Accounts?

For Year 1 and 2 of Core Funding, the Financial Reporting requirements consist of a completed Income and Expenditure Template, which needs to be submitted by services' nominated accountant. There will be no requirement to submit audited accounts to Department for Year 1 and 2 of Core Funding.

Section 2: Completing Your Income and Expenditure Template

In order to fulfil this Financial Reporting requirement, you will be required to complete an Income and Expenditure Template. A sample Template is available for download from the Hive.

This income and expenditure information from the service will need to be mapped onto the Income and Expenditure Template and be submitted by an accountant **by 26th June 2024**.

1. What credentials does an accountant have to hold to submit my Income and Expenditure Template?

Accountants submitting the Income and Expenditure Template on behalf of services must hold a practising certificate (PC) and have professional indemnity insurance (PII), and will be required to declare same on the reporting portal, www.cfcrs.ie.

For the purposes of Core Funding's Financial Reporting, an accountant is defined as someone who:

- a. has been admitted as, and is, a member of a prescribed accountancy body,
- b. is currently practising in the profession of accountancy,
- c. is not and never has been a principal officer or employee, or an owner or part owner, of the licensee in respect of whom he or she is preparing an accountant's report, and
- d. is maintaining such minimum level of professional indemnity insurance as is required by the prescribed accountancy body concerned.

The list of prescribed accountancy bodies is as follows:

- Chartered Accountants Ireland. (CAI)
- Association of Chartered Certified Accountants (ACCA)
- CPA Ireland (CPA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
- The Association of International Accountants (AIA)

2. Are there any circumstances where an accountant who does not hold practising certificate (PC) or have professional indemnity insurance (PII) may be allowed submit the Income and Expenditure Template to the Department?

Only one exception exists and relates to the undertaking of "honorary audits" for charities where a practising certificate PC is not required. Honorary audits can only be done for charities with income of less than €100k. Honorary auditors do not need PII. Services which employ one can have their honorary auditor submit their Income and Expenditure Template on their behalf.

3. Why does an accountant have to hold a practising certificate and have professional indemnity insurance to submit the completed Income and Expenditure Template to the Department?

The submission of any report/spreadsheet or financial statement that is relied upon by a third party is categorised as public practice and requires a practising certificate (PC). Accountancy bodies will only issue practising certificates (PC) to those members who hold professional indemnity insurance and other qualifying criteria set down by each accountancy governing body.

4. Can services submit a trial balance instead of the Income and Expenditure Template?

There is no functionality for services to submit a Trial Balance. The requirement for services for Year 1 of Core Funding is the submission of the complete Income and Expenditure Template. The Income and Expenditure Template is available on the [HIVE](#) for download. If you have completed your accounts up to a Trial Balance this will mean that the income and expenditure information can be extracted and the accountant can mapping of the income and expenditure information onto the Income and Expenditure template and submit on the www.cfcrrs.ie.

5. What if my nominated accountant cannot submit the Income and Expenditure Template on time?

For Year 1, self-submitted draft Income and Expenditure Templates from services will be accepted by the deadline of 26th June 2024. However, the nominated accountant will need to submit a final Income and Expenditure Template prior to the service entering into Core Funding in Year 3.

It is anticipated that the majority of services will have nominated accountants who will be in a position to submit the final Income and Expenditure Template by the deadline of 26th June 2024.

6. If I have availed of the facility to submit a draft Income and Expenditure Template and subsequently I have decided not to contract for Year 3 of Core Funding must I still engage an accountant to submit a final Income and Expenditure Template?

Yes. In the event that a service has availed of the draft submission option and does not intend to contract for Core Funding for the 2024/25 Programme Year, the service is still required to engage an accountant to submit a final Income and Expenditure Template for Year 1 of Core by Friday 16th August. This is in line with the Core Funding Partner Service Funding Agreement 2022/23.

7. I have a pre-existing accountancy package; can this be adapted by my accountant?

Yes, you have the option to map your pre-existing accounting packages and those nominal account codes to the Department's nominal codes within the Income and Expenditure Template. Services should work with their accountants to ensure accurate data transfer and completeness. The Department's nominal codes must be used.

8. I do not have an accountancy package or formal accounts, what can I do as a first step?

As a first step, it is recommended that you contact your accountant and inform them of this Financial Reporting requirement, providing them with a copy of the Guidance Note for Core Funding Financial Reporting requirements, Transitional Arrangements - Year 1 and 2 (published 8th March 2024) and a copy of the Income and Expenditure Template.

The Department recognises that some services may not currently use accountancy software, therefore, in order to support such services, an optional Financial Management Tool has been also designed (see question 10 below).

9. I am part of a multi-site service and my financial management approach does not currently provide income and expenditure information at site-level, what will I do?

Where multi-site services existing financial management approaches do not provide a breakdown for Income and Expenditure at site level, the Department will allow these costs to be split proportionally across sites at the discretion of the provider, however, a rationale for the split will need to be provided. The associated apportionment policy reflecting this will need to be uploaded to the www.cfcrrs.ie.

10. What is the Financial Management Tool?

The sole Financial Reporting requirement for Core Funding in Year 1 and Year 2 is to complete and submit the Income and Expenditure Template. However, the Department recognises that some services may not be in possession of accountancy software to assist them with the completion of this Income and Expenditure Template. Therefore, in order to support such services, an optional Financial Management Tool has been designed which is available on the Hive.

11. Where can I find my total income from the Department broken down by each ELC programme/scheme?

The Department has committed to providing all ELC scheme/programmes payment data for all services for the period Thursday 1st September 2022 up to Thursday 31st August 2023. The total payment value for each ELC scheme/programme will be prepopulated into the applicable income account codes on the Income and Expenditure Template on the submission portal on www.cfcrrs.ie. This payment data will also be available for viewing on the portal when it opens for submissions.

Please note that income is recorded as a negative figure and expenditure is recorded as a positive figure in the Income and Expenditure Template.

12. What do I do if my SRN number changed during the reporting period?

Providing the ownership has not changed. If you had either a change of address or a change of company structure then you need only submit one Income and Expenditure

Template using your new SRN but the Template must include all income and expenditure for the period the service was in contract for Core Funding. The Department ELC scheme/programme payment data provided on the portal will be for contracted reporting period.

Section 3: Costs and Supports

1. Is there any support available to Services?

Yes, 'how to' documents will be available on 'The Hive' to assist you with the completion of your Income and Expenditure Template. Once the portal www.cfcrrs.ie is open additional information will also be available here in the form of 'how to' guides. You can also contact your local CCC for any assistance or clarification you may need. Contact details for the CCCs can be found here www.myccc.ie

2. Will there be extra funding available to support services with this requirement?

In line with the Department's commitment to provide targeted support to services to fulfil their Financial Reporting obligations under Core Funding, the Department has put in place the Financial Reporting Support Payment (FRSP).

The FRSP, which will operate from 2nd April – 30th September 2024, will be made available to services that meet the pre-defined eligibility criteria, (i.e. Services whose year 1 Core Funding profile shows less than €10,000 in 'new funding' i.e. the difference between Higher Capitation and Programme Support Payment (PSP) and year 1 of Core Funding, and less than €70,000 in Core Funding in total)

The FRSP will be a payment of up to a maximum of €700 to support eligible services with the cost of meeting Financial Reporting obligations.

It will only be available to eligible services whose accountant has submitted a completed Income and Expenditure Template through the Financial Reporting portal on or before 31st August 2024.

The process for accessing the FRSP will include a declaration and proof of payment. If the proof of payment shows a value less than the maximum FRSP (i.e. €700), the FRSP will be up to the value of the payment made by the service. If the proof of payment shows more than the value of the maximum FRSP (i.e. €700) the FRSP paid out will be €700.

The CCCs will be in contact with services that are eligible for the FRSP over the coming weeks.

Other services not eligible for FRSP that are facing difficulty in fulfilling the Financial Reporting obligations under Core Funding, are encouraged to contact their CCC to avail of case management supports. Contact details for your local CCC can be found at www.myccc.ie

Section 4: Additional General FAQs

1. How will the Income and Expenditure Template information be used once submitted?

Once submitted, the Income and Expenditure Templates will be used to analyse and produce aggregate reports on income and costs, for ongoing policy developments and grant funding.

2. Will services receive an acknowledgement receipt when the Income and Expenditure Template has been submitted by their accountant?

Services will receive an email indicating that their Income and Expenditure Template has been submitted.

3. I operate as a sole trader and submit a separate tax return to Revenue Commissioners so my income is not processed through the weekly payroll, where do I include my salary?

As a sole trader, in a strict sense you do not pay yourself a wage or salary. The surplus generated from your business, i.e. the income your business received minus the allowable business expenses incurred, less tax payable, is your income; similar to but distinct from a salary/wages. The Department recognises that this surplus represents the income sole traders derive from their businesses, and all analysis of the aggregate income and expenditure data in the sector will take account of this.

Any funds extracted from your business during the tax year must be done through drawings. Paying a wage/salary is a different structure and can only be done through a limited company.

Drawings would be recorded in a full Trial Balance, but are not required as part of the Income and Expenditure Template. However, there will be a code (2802) on the Income and Expenditure Template on the submission portal www.cfcrrs.ie where drawings can be recorded.

4. Where can drawings be recorded?

Drawings are funds withdrawn from the business of a sole trader and are only relevant to sole traders. Any funds extracted from the business of a sole trader must be done through drawings. Drawings are considered eligible business expenditure for tax purposes.

Drawings will be recorded in a full Trial Balance and are therefore have a nominal code associated with same in the full Chart of Accounts, but are not required as part of the Income and Expenditure Template. However, there will be a code (2802) on the Income and Expenditure Template on the submission portal where drawings can be recorded.

5. How should Gross Salary Payments, Payments to the Collector General, Employer's PRSI and payments to pension providers be managed?

"Gross Salary Payments" here means gross from the point of view of the employee; i.e. it is their salary before deductions such as PAYE, employee PRSI, etc. This is the relevant figure, rather than net salary payments, as these are not costs to the employer. The additional costs to the employer on top of these payments, such as Employer's PRSI and pension contributions, are not part of the Gross Salary Payments.

Employer's PRSI should only be recorded under its own nominal code, 4002. Although Employer's PRSI is paid to the Collector General, it should be recorded separately under this nominal code. The nominal code for payments to the Collector General, 4305, should be used for all other payments to the Collector General.

Employer's pension contributions should be recorded under nominal code 4001, as per Question 6 below.

6. How are payments to pension providers, AVCs and other deductions such as union fees that have been deducted from employee salaries coded?

Employer's pension contributions should be included under code 4001.

Other deductions from payroll administered by the employer on behalf of the employee such as employee pension contributions, AVCs, Union Fees, LPT, etc. are simply a payroll deduction and are not a cost to the business; they should not be recorded.

7. What code should a Service use if they give vouchers to staff as gifts?

Code 4120 should be used for vouchers/entertainments costs.

8. If a Service is part of a charity organisation and their costs such as insurance etc. come out of the whole organisation how would that service breakdown the expenditure that is paid at organisation level cost?

If a service pays a portion of the invoice for any costs shared with a parent organisation, then they should list only the part of the invoice that they paid according to their apportionment policy, under the relevant nominal code. Where relevant, apportionment policies can be uploaded to the reporting portal www.cfcrrs.ie

9. What code should be used for income received from the Department of Social Protection for schemes similar to the "School Meals local Projects Schemes"?

Code 3102, Other Government Grants, should be used for the School Meals Local Projects Scheme and for similar government grants received in relation to subsidising food costs.

10. What code should the Childminders Development Grant be listed?

The Childminders Development Grant should be listed under Other Government Grants, code 3102

11. If I had to return an unused grant or an overpayment, where should I record it?

If you had to return an unused grant or an overpayment during the reporting period, rather than adding this under an expenditure nominal code you should include the net income under the relevant income nominal code.

For example, if you received a grant of €5,000 and had to return €1,000 in unspent funding, you would record €4,000 under the Other Government Grants code (3102); rather than recording the full grant as income and adding €1,000 expenditure elsewhere.

12. When will the year 3 Financial Reporting Requirements be finalised and communicated?

The Department will shortly be commencing the process of finalising year 3 Financial Reporting requirements.

The Department will engage with stakeholders on this. This shared engagement will inform the development and implementation of supports that may be needed to assist services with their updated Financial Reporting requirements for Year 3 of Core Funding.