

## BEECHWORTH COMMUNITY CHILDCARE CENTRE

### FINANCIAL MANAGEMENT

**Associated Policies:** Fees Policy  
Governance Policy  
Management of the Centre Policy  
Code of Conduct Policy  
Confidentiality/Privacy & Record Management Policy  
Fundraising Policy

**Original:** DRAFT  
**Reviewed:** 26/03/2014

**Revised:**

**Legislation** National Education and Care Services National  
Regulations 2012

National Quality Standards - Area 7 - Leadership and  
Service Management  
Association Incorporation Reform Act 2012

**Location/Ownership:** POLICY MANUAL - ADMINISTRATION FINANCIAL

**This Policy satisfies the following National Quality Standard Quality Area 7, Leadership and Service Management:**

Standard 7.1 - Effective leadership promotes a positive organisational culture and builds a professional learning community.

Standard 7.3 - Administrative systems enable the effective management of a quality service.

#### **POLICY STATEMENT:**

Responsibility for financial planning and management for the Centre is vested in the committee of Management (CoM) elected at the AGM in accordance with the Associations Incorporation Reform Act 2012.

#### **CONSIDERATIONS:**

**Philosophy** - all stakeholders at the Service will promote the highest standards in Early Childhood Education and Care by understanding and delivering on the organisation's financial management expectations, with a consistent approach.

**Children's needs** -to receive a service that is focused on the individual needs of each child. To receive a service that is fully funded to provide quality service.

**Parent's needs** - to be assured that educators, staff, volunteers, students and CoM members consistently deliver a service based on appropriate, transparent financial management conduct. To be assured that monies paid to the Centre will be used for the effective operation of the Service.

**Staff needs** - to work in a service that is financially sound, that staff payments and entitlements will be honoured at all times.

**Management needs** - to ensure that the Centre's financial operations are transparent, stable and accurate, and adhere to the relevant laws and regulations.

## PROCEDURE:

### Financial Operation

- The service will operate as a non-profit organisation
- The service will operate two bank accounts: an operating account for day-to-day expenses and an investment account to pay future expenses.
- The Committee may authorise the Treasurer, Book Keeper or Co-ordinator to expend funds on behalf of the Association (including by electronic funds transfer) up to a specified limit without requiring approval from the CoM for each item on which the funds are expended.
- The Coordinator and/or Bookkeeper will be responsible for the day-to-day financial management of the centre eg. payment of bills, allocation of petty cash, collection and banking of fees. (See also policy on Child Care Fees.)
- All cheques, drafts, bills of exchange, promissory notes and other negotiable instruments must be signed by 2 committee members.
- All funds of the Association must be deposited into the financial account of the Association no later than 5 working days after receipt.
- With the approval of the CoM, the Treasurer, Book Keeper or Co-ordinator may maintain a cash float provided that all money paid from or paid into the float is accurately recorded at the time of the transaction. The maximum of petty case is \$100 and is updated/ topped up when required. Staff must ask Coordinator or 2IC for access, and petty cash vouchers are filled in with details of purchase and receipt attached to it.
- The service will ensure that at all times it is able to pay its debts when they are due.
- The service will ensure that at all times there are sufficient funds held to cover accrued annual leave, long service leave, other staff entitlements and all necessary provisions i.e. maintenance, equipment, to ensure the service remains in a solvent position.
- The service will ensure sufficient funds to repay Child Care Benefit advances if not fully acquitted.
- The service will ensure that appropriate and current insurance cover is obtained to meet the public liability of the service. (Child Care Regulations -73.)
- The service should set aside sufficient provision of money to meet any perceived liability for redundancy payments according to the Award. The level of additional provisions will depend on the following factors:
  - The level of other provisions (eg. sick leave, long service leave)
  - The likelihood of events happening that will lead to redundancy claims
  - The length of service of current staff
- The Coordinator/Accountant/Bookkeeper will be responsible for the completion of monthly or quarterly Business Activity Statements including Pay As You Go information in accordance with the new tax laws.
- The service will only deal with suppliers who have an ABN, except where invoices are below \$50.00.

- The CoM will conduct fundraising activities throughout the financial year in accordance with the fundraising policy. Any monies raised will be used to ensure a quality service is provided.
- All correspondence from with and from the ATO in regard to GST, and all records of GST transactions, will be carefully documented and kept on file, in order to reduce the risk of non-compliance and ensure full documentation is available in the event of an ATO audit.

## Financial Records

- Financial records are kept that—
  - (a) correctly record and explain the service's transactions, financial position and performance; and
  - (b) enable financial statements to be prepared as required by the Associations Act.

Financial records must be maintained for 7 years after the transactions covered by the records are completed. Records will be archived in the following financial year and kept on site in secure storage (see Confidentiality/Privacy & Record Management Policy)

- (3) The Treasurer or Book Keeper must keep in his or her custody, or under his or her control—
    - (a) the financial records for the current financial year; and
    - (b) any other financial records as authorised by the CoM.
- The Treasurer or Book Keeper, in conjunction with the Co-ordinator, will draw up the annual budget detailing estimated income and expenditure for the year ahead. The budget will be circulated to CoM members prior to the meeting at which it will be presented. This will allow time for CoM members to provide feedback and request/clarify information. Once finalised, the budget will be passed at a general committee meeting.
  - The Treasurer or Book Keeper will be responsible for ensuring financial transactions are properly recorded.
  - The service will operate within their approved Child Care Benefit places, advised by the Commonwealth Government at the time of funding approval.
  - The Coordinator will be responsible for payment of staff wages on a fortnightly basis according to appropriate Award/Industrial Agreement entitlements, and ensuring all tax deductions and superannuation payments are made.
  - The Coordinator will be responsible for the security of the cheque book at all times. The cheque book should remain on the premises in a secure location or in the Coordinator's possession.
  - For each financial year, the CoM must ensure that the requirements under the Act relating to the financial statements of the Association are met those requirements include—
    - (a) the preparation of the financial statements;
    - (b) if required, the review or auditing of the financial statements;
    - (c) the certification of the financial statements by the CoM;

- (d) the submission of the financial statements to the annual general meeting of the Association;
- (e) the lodgement with the Registrar of the financial statements and accompanying reports, certificates, statements and fee.
  - The Treasurer or Book Keeper will be responsible for ensuring that the Centre's accounts are audited by an independent qualified auditor each year. This person will be nominated at the AGM.
  - The Treasurer or Book Keeper will ensure that all appropriate service's records are provided to the Auditor.
  - The Audited Balance Sheet and Income and Expenditure Statement will be presented to the Association members at the AGM.
  - All records in relation to payment of Child Care Benefit must be kept for 3 years and will be available for inspection by Commonwealth Officers. All records will be kept on site in secure storage.
  - New CoM members will be provided with a summary of the services financial position at the the AGM.
  - Financial records will be maintained to enable compliance with:
    - Commonwealth Government Child Care Management System Reference Manual
    - Any requirement in the agreement in respect of Child Care Benefit funding.
    - Associations Incorporation Reform Act 2012 Part 6.
    - Other legislation requirements such as Income Tax Assessment Act 1997 (Cth); The New Tax System Acts 1999 (Clth); Superannuation Guarantee Charge Amendment Act 2012 (Clth); and Child Care Award requirements.
    - Commonwealth requirements concerning: Sustainability Funding, Establishment funding, One-off grants, Supplementary services, Special Needs Subsidy Scheme.

## **References**

<http://education.gov.au/child-care-service-handbook>

<http://www.education.vic.gov.au/childhood/providers/regulation/Pages/default.aspx>

<http://www.consumer.vic.gov.au/clubs-and-not-for-profits/incorporated-associations/running-an-incorporated-association/rules>