

Your role in managing finance

Background

All independent committees must develop a budget, monitor income and expenditure and make financial decisions. They are also accountable to members of the association, funding bodies, such as DEECD, and Consumer Affairs Victoria.

The Victorian government, through DEECD, contributes to the cost of providing a kindergarten program (per capita grants and subsidies). Additional income required to cover operating expenditure comes from fees and other grants. Centres must have a fee policy which outlines the amount of fees to be charged and methods of payment.

Fundraising activities may also be used to generate additional income, which is not part of the general budget but is used for additional non-compulsory purchases/expenses such as new equipment. To ensure the centre can continue to operate, both in the current year and in the future committees must ensure the centre remains financially viable. Although the Associations Incorporations Act provides some personal protection for committee members, those members could face penalties if they allow the association to continue trading while insolvent.

Overview of responsibilities

- Maintain a viable service.
- Provide sound financial planning and management, including planning for the future.
- Ensure all committee members understand financial reports and participate in financial decision making.
- Ensure all committee members oversee and monitor the finances of the centre.
- Set fees
- Apply for grants
- Develop and implement effective and transparent financial policies and procedures including requirements for comprehensive monthly financial reports.
- Ensure the centre meets the requirements of the Victorian policy, procedures and funding criteria (Refer to 'Your role as the funded organisation' for further details).
- Complete reports for external bodies such as Australian Taxation Office and DEECD.

Indicators of effective and transparent financial procedures:

- Purchase has been authorised/approved.
- Evidence of goods or services is received before a payment is made.
- Payment is approved, for example, by the committee and authorised, for example, all details are completed on cheques before being signed by two signatories).
- Two people count cash together
- Money is counted before it leaves the centre.
- Money is banked as soon as practicable (preferably within two days).
- Receipts are provided for all payments.
- Clear purchasing procedures including management of petty cash.
- Bank statements are sighted by someone in addition to the treasurer.
- Monthly reports include reconciled statements, comparison with budget and a clear and accurate picture of the financial state of the association.
- The committee makes the decisions not the treasurer (or admin/bookkeeper)

Compliance

Kindergarten policy procedures and funding criteria
Australian taxation law

Where to get more information

KPV *FinanceWorks*

KPV *Early Childhood Management Manual* (New version available Term1 2011)

Australian Tax Office website: www.ato.gov.au

Induction Package for New Administrators

www.ato.gov.au/print.asp?doc=/content/64227.htm

Australian Business Register website: www.abr.business.gov.au