

Your role in managing finance

Background

The extent of financial management responsibility of a cluster-managed site committee is determined by the service agreement/memorandum of understanding/contract between the site committee and cluster manager. The cluster manager is the DEECD funded organisation and all DEECD grants and subsidies are paid to the cluster. Incorporated associations are accountable to members of the association and Consumer Affairs Victoria.

The Victorian government, through DEECD, contributes to the cost of providing a kindergarten program (per capita grants and subsidies). The additional income required to cover operating expenditure comes from fees and other grants. A budget must be developed that demonstrates financial viability and services must have a fee policy which outlines the amount of fees to be charged and methods of payment. Responsibility for budget and policy development depend on the agreement between sites and the cluster manager.

Fundraising activities may also be used to generate additional income. These are generally the responsibility of the site committee and the income used for additional non-compulsory purchases/expenses such as new equipment.

Overview of responsibilities

- Maintain a viable service in conjunction with the cluster manager.
- Provide sound financial planning and management, including planning for the future, in conjunction with the cluster manager.
- 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.
- Apply for grants (in conjunction or after discussion with the cluster manager)
- Develop and implement effective and transparent financial policies and procedures including requirements for comprehensive monthly financial reports.
- Complete reports for external bodies such as Australian Taxation Office.

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.
- Responsibility for financial decision making is clearly documented and compliant with legal requirements, such as the organisation's constitution and/or the site/cluster agreement.

Compliance

Associations Incorporation Act 1981
Australian taxation law

Where to get more information

KPV FinanceWorks

KPV Governance Manual for Early Childhood Services

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