

2010

Committee Basics

For Independent Early Childhood Centres

Tip Sheets include:

Demystifying the jargon

Your role in providing good governance

Your role as an incorporated association

Your role as the licensee

Your role as the funded organisation

Your role as manager

Your role as employer

Your role in managing finance

Your role in fundraising

Demystifying the jargon

Common terms and acronyms used in early childhood services

Acronyms

- AEU** Australian Education Union, industrial coverage for early childhood teachers and assistants.
- AGM** Annual General Meeting.
- ATO** Australian Taxation Office.
- CSA** Children's Services Officer. Regional officers of the Department of Education and Early Childhood Development who license, monitor, advise and support all children's services in relation to statutory and funding compliance.
- DEECD** Department of Education and Early Childhood Development. Monitors compliance with the Children's Services Act and Children's Services Regulations; funds kindergarten programs.
- ECA** Early Childhood Australia.
- FAR** Financial Accountability Report (annual report, usually at the end of September, to DEECD about the financial situation of the funded kindergarten program).
- FWA** Fair Work Australia
- KESO** Koorie Education Support Officer, refer to Victorian kindergarten policy, procedures and funding criteria – Service provision support.
- KISS** Kindergarten Inclusion Support Services provides assistance to service providers to enhance the inclusion of children with additional needs in funded kindergarten programs. This support is jointly funded by the State and Commonwealth Governments and is administered by DEECD. Refer to Victorian kindergarten policy, procedures and funding criteria – Service provision support.
- KPSA** Koorie Preschool Assistant (program), refer to Victorian kindergarten policy, procedures and funding criteria– Service provision support.
- LHMU** Liquor, Hospitality and Miscellaneous Union. Industrial coverage for early childhood assistants and children's services workers.
- PSFO** Preschool Field Officer, refer to Victorian kindergarten policy, procedures and funding criteria– Service provision support.
- SGM** Special General Meeting. Incorporated Associations may call a special meeting of all members to discuss and vote on an issue which affects the whole association, such as changing the constitution.

Terms

Children's Services Act 1996 and Children's Services Regulations 2009

These provide the statutory framework for the licensing and operation of children's services in Victoria. They set out minimum standards to ensure the safety of children being cared for and educated in children's services. They also provide minimum requirements for services to provide for children's developmental needs.

Cluster management

An alternative management type to the traditional independent model. Cluster management brings a number of centres together under one management body to manage the business of the centres, including recruitment and management of staff and licensee responsibilities, regulatory and financial matters for each location within the cluster. Extent of responsibilities and management models vary between clusters.

Data collection

Information is collected twice per year via the data collection forms to provide information about the funded organisation and the number of children eligible to receive funding.

Funded program

Commonly known as the four-year-old program. The State Government provides funding to assist in the provision of a year of kindergarten prior to commencement of formal schooling. Centres must comply with particular criteria to receive this funding. This criterion is outlined in the Victorian kindergarten policy, procedures and funding criteria. Updates are sent to the funded organisation at the beginning of each year and those responsible for compliance should familiarise themselves with the requirements as outlined in the update.

Kindergarten fee subsidy

Paid to funded organisations to directly reduce the kindergarten fee paid by eligible families (that is, those holding a Commonwealth Health Care Card, pensioner concession card, Department of Veterans' Affairs Gold Card, Visa 447, 451,785 or 786, specified Refugee/Special Humanitarian Visas or Asylum Seeker Bridging Visas or the child is a triplet or quadruplet or Aboriginal or Torres Strait Islander). Eligible children must be able to attend the funded program at no cost for 10 hours of kindergarten (except alternative services, defined in the Victorian kindergarten policy, procedures and funding criteria). The subsidy is paid through the normal monthly per capita payment.

Licensee

The licensee is the legal entity that holds a licence to operate a children's service under the Act. This may be the cluster manager or, in the case of independent kindergartens, the incorporated association. The committee of management in an independent kindergarten, as the elected decision makers of the association, is responsible for actively complying at all times with the Act and Regulations and conditions and restrictions of the licence.

Nominee

Person/s authorised to manage the service in the absence of the licensee or primary nominee

Pay Line

ADP Employer Services, Pay Line, assists Victorian kindergarten committees with payroll requirements. ADP is the largest provider of payroll services and human resources systems in the Asia Pacific Region. Provision of this service is free to centres which operate a funded program as part of the funding agreement with DEECD. KPV shares the contract with ADP for

the provision of this service and is responsible for training, assisting with queries related to rates of pay and special payments such as long service leave, termination and back pays.

Per capita grant

Funding received by kindergartens is calculated on a per eligible child basis. This amount is indexed on the first of July each year.

Primary nominee

Person authorised to manage or control the service in the absence of the licensee. There is only one primary nominee. Generally, this is the teacher employed for the most hours.

Proprietor

The proprietor includes an organisation such as the incorporated association, church, local council or cluster manager, and any person who manages or controls the centre. The term proprietor includes the licensee, the primary nominee and the nominee(s) of a licensed centre (refer to the Certificate of Names displayed in the main entrance of the centre).

Representative

Person/s authorised to manage the service in the absence of the licensee, primary nominee or nominee. They are the contact person with the department and represent the licensee.

Service agreement

The service agreement sets out how much funding DEECD agrees to make available to kindergartens and the services the kindergarten agrees to provide for this service. It also sets out the terms and conditions with which kindergartens must comply in using and accounting for the funding. It usually covers a three-year period but may be updated annually.

Service provider

The organisation responsible for the license of a kindergarten and who receive the funding for that kindergarten are known as the service provider.

Supplement grant

An amount of money paid to services that employ a teacher classified at level 2 and above in the funded program. Services need to apply for this grant each year and payment is based on the number of eligible children in the funded program. The amount is indexed each calendar year.

VECTAA

Victorian Early Childhood Teachers and Assistants Agreement, this agreement outlines the conditions of employment, including rates of pay, for qualified early childhood teachers and assistants employed in centres who are respondents to the agreement.

Important contact details

Kindergarten Parents Victoria

Tel: (03) 9489 3500

Rural: 1300730119

Fax: (03) 9486 4226

Web: www.kpv.org.au

Email: kpvc@kpvc.org.au

Department of Education and Early Childhood Development

Regional Office: (Complete the details for your centre)

Children's Services Adviser

Department of Education and Early Childhood Development

Web: www.education.vic.gov.au

Your responsibilities as an incorporated association

Background

Incorporated associations are usually small bodies of people or clubs such as kindergartens or childcare centres that wish to have a legal status. These responsibilities apply regardless of your management type (independent committee or cluster managed site).

The benefits of incorporation are:

- Any liabilities of the incorporated association are enforceable against the association and not against the committee members personally.
- The association can sue and be sued in its own name.
- The association can hold property in its corporate name without appointing trustees.
- The association can enter into contracts in its corporate name such as service and funding agreements and building leases.

Overview of Responsibilities

While incorporation is voluntary, once incorporated an association must abide by the *Associations Incorporation Act 1981* and the Associations Incorporation Regulations 1998, which provides a standard for operation.

The *Associations Incorporation Act 1981* specifies requirements in relation to the:

- Display of the certificate of registration and use of the registered name and number, (Part 3 – Names and Registered Addresses).
- Completion of an Annual Statement within one month of the AGM.
- Holding of an AGM, (within five months of the end of the financial year) (Part 6 – General meetings and Accounts).
- Rights and liabilities of members of an Incorporated Association (Part 4 – Effects of Incorporation).
- Procedures to follow if the association needs to wind up. (Part 8 – Winding Up and Cancellation).
- Maintenance of financial records (Associations Incorporation Regulations 1998).
- Fees and forms (Associations Incorporation Regulations 1998).
- Duties of committee members (Part 5 – Management).
- Constitution (Model Rules), what must be included in your constitution and the processes for making any changes (Part 4, Section 21, 22).

What is a Constitution?

A constitution is a legal document which provides the framework for the operation of the association. It is sometimes called the 'Model Rules/Statement of Rules'.

The constitution sets out the:

- Name of the association
- Definition of a member of the association
- Procedures for committee and general meetings including notification, voting and quorums
- Number of committee members and any specific positions on the committee
- Powers of the committee of management
- Procedures for handling grievances

- Procedures for disciplining members
- Procedures to follow when winding up the association
- Financial year
- Requirements for keeping a register of members
- Source of funds and the way funds are managed.

It is important that all committee members are aware of and are familiar with their constitution. If possible all committee members should have a copy of the constitution or at least know where to find a copy. The constitution should be brought to every committee meeting. Failure to abide by the constitution or to trade while insolvent could incur significant penalties for the members of the committee. The constitution should be reviewed from time to time to ensure the 'Statement of Purpose and Rules' reflects the direction and practice of the association.

Compliance

Associations Incorporation Act 1981
Associations Incorporation Regulations 1998
Constitution of your association

Where to get more information

Consumer Affairs Victoria website: www.consumer.vic.gov.au

KPV model constitution

Our Community website

www.ourcommunity.com.au/management/view_help_sheet.do?articleid=15

Your role as licensee

Background

In Victoria, a service is required by the *Children's Services Act 1996* (the Act) to be licensed when it provides care or education:

- For five or more children under the age of six years
- In the absence of their parents/guardians
- For a fee or reward or while the parents/guardians use the services or facilities provided by the proprietor of the centre.

The Act and the Children's Services Regulations 2009 Regulations (the Regulations) provide the basis for the licence by setting out minimum standards and requirements. Copies of these should be on display at the centre.

In Victoria, the State Government, through the Department of Education and Early Childhood Development (DEECD) is responsible for the licensing of kindergartens, centre based long day care, Occasional Care Services, Family Day Care and Out of School Hours Care and for monitoring compliance with the Act and Regulations. The DEECD employs Children's Services Adviser (CSA) to visit the centre at least annually and who are responsible for checking for compliance with the Act and Regulations.

A CSA will also investigate any complaints received by the department and any serious incident or complaint reported by the centre.

The licensee is the legal entity that holds the licence to operate a children's service under the Act.

The legal entity is represented by the elected committee of management, which must nominate one or more people to represent the committee. The certificate of names on display at the centre identifies the licensee, the licensee representatives, the Primary Nominee and nominee.

All committee members, as the decision makers, should be aware of the requirements of legislation governing the operation of children's services.

Overview of the responsibilities of the licensee

- Actively comply at all times with the Act and Regulations and any conditions and restrictions of the licence.
- Develop systems to ensure that they as licensee, their primary nominee, nominees and staff:
 - Understand their obligations under the Act.
 - Are satisfied at any time that the centre is in compliance with the requirements of the Act and Regulations.
 - Are able to promptly remedy or repair any identified non-compliance.
- Develop and implement policies, procedures and accountability and reporting systems to maintain compliance.
- Nominate licensee representatives (Regulations require only one but KPV advises at least two and preferably three). Representatives must be approved as a 'fit and proper' person by the department. They are the people who exercise control over the centre and are the contact on behalf of the licensee with DEECD.

- Notify DEECD within 30 days, via the *Change of Director/Officer of Body Corporate* form, of any changes to the committee, or if a representative ceases to be a member of the committee.
- Licence renewal (a licence may be issued for up to 5 years)
- Notify the regional DEECD office of a serious incident (Clause 29C of the Act) or if a complaint alleging a breach of the regulations or the health, safety or wellbeing of any child may have been compromised (R 105, the Regulations).

Compliance

Children's Services Act 1996

Children's Services Regulations 2009

Where to get more information

DEECD regional office

Department of Education and Early Childhood Development www.education.vic.gov.au

Your role as the funded organisation

Background

Funding is provided by the Victorian State Government to enable eligible children to participate in a kindergarten program in the year before entering formal school. The amount of funding provided will depend on the location of the kindergarten program.

This funding includes:

- A per capita grant. This is the subsidy provided to the kindergarten for each child, who turns four by 30 April in the year of attendance, in a program that meets the criteria set out in the Victorian kindergarten policy, procedures and funding criteria.
- Kindergarten fee subsidy. This is additional funding assistance provided to enable eligible children with concession cards or who are a triplet/quadruplet to attend a 10 hour program free of charge and longer programs at a reduced cost.

There is no funding available for other programs such as three-year-old kindergarten programs.

The funded organisation (may also be referred to as the service provider):

- Is the legal entity that has entered into a service agreement with DEECD.
- Receives and acquits the funds.
- Has responsibility for the administration and management of the funds.
- Must ensure the funded kindergarten program is delivered in accordance with the requirements of the funding agreement.

All grant types and rates, information, resources and support, requirements and timelines are outlined in the Victorian kindergarten policy, procedures and funding criteria. This publication may be downloaded from the Department of Education and Early Childhood Development www.education.vic.gov.au

Overview of responsibilities

As the committee of the funded organisation you must ensure the centre complies with the requirements set out in the funding criteria and is therefore eligible to continue receiving funding.

Some of these criteria include:

- Having an ABN, signing and complying with the service agreement.
- Demonstrating financial viability (Financial Accountability Report).
- Delivering the program out of a licensed premise.
- Holding a standard licence and complying with the requirements of the *Children's Services Act 1996* and the Children's Services Regulations 2009.
- Employing staff with approved early childhood teaching qualifications in the funded program.
- Offering a program of at least 10 hours per week, coinciding with the Victorian School terms (10 hours and 45 minutes in 2011)

- Participating in an annual evaluation of the quality of the program.
- Undertaking an annual survey of parents to determine the user satisfaction of the service.
- Displaying:
 - A current kindergarten certificate
 - A notice indicating the times during which the funded program operates each week
 - The name of the qualified early childhood teacher(s) delivering the program.
- Completing the required data collection forms and other reports as required by the DEECD.
- Providing good management and governance.

Committees (the funded organisation) also need to be aware of additional funding which may be available for specific purposes and how to apply for that funding. Examples are:

- Kindergarten fee subsidy for Health Care Card or other approved concession card holders and triplets or quadruplets, Aboriginal or Torres Strait Islander children.
- Second year funding.
- Early Childhood Teacher Supplement payment for teachers classified at level 2 and above.
- Parental leave reimbursement.
- Indigenous education support.
- Inclusion support for children with severe disabilities.
- Travel allowance in rural regions.

Compliance

Victorian kindergarten policy, procedures and funding criteria
The service agreement for funded organisations

Where to get more information

Department of Education and Early Childhood Education

www.education.vic.gov.au

Funded Agency Channel website: www.fac.dhs.vic.gov.au

Regional Children's Services Advisor

Your role as manager

Background

Early childhood services operate with a variety of management models, such as independent committees, part of a cluster, part of local government or community organisation.

Committees which are part of a cluster management arrangement need to have a very clear understanding of the division of roles and responsibilities between the cluster manager and the committee of management. A service agreement/memorandum of understanding/contract will define responsibilities. It is important that cluster-managed centres know the management model and clearly understand their extent of responsibility.

Overview of responsibilities

Regardless of the management model, all members of a committee of management have the responsibility to:

- Act honestly, with integrity and in good faith
- Act fairly, with due care and diligence
- Be loyal to the association, avoiding conflicts of interest
- Act with integrity, not use information or position for personal gain
- Act in the best interests of the organisation
- Make decisions having considered the various rights and obligations of those involved
- Maintain confidentiality.

Respectful, open and honest communication creates an environment where people feel valued and listened. One of the best ways to avert conflicts is by adopting effective communication strategies. All members of the committee are equal in importance and should participate in decision making.

Management includes:

- Understanding your responsibilities
- Decision making
- Delegation
- Accountability
- Coordination
- Communication
- Developing and implementing policies, procedures, systems and processes
- Understanding and complying with the requirements of contracts and agreements with organisations such as local government, DEECD and/or cluster manager.

Depending on the management type and model, committees may be responsible for some or all of the following:

- Policy development and implementation (refer to *Your role in providing good governance*).

- Service planning and delivery. Reviewing the program delivery to ensure it is meeting the needs of the community and is financially viable. Compliance with industrial agreements, funding, and licensing requirements are critical factors when considering a change to program delivery.
- Strategic planning (refer to *Your role in providing good governance*).
- Financial management (refer to *Your role in managing finance*).
- Fundraising (refer to *Your role in fundraising*).
- Promotion/marketing—one of the strategies to ensure ongoing viability may be to market the centre to increase the community's awareness of the centre and enrolments.

Compliance

Incorporated Association Act 1981

Association's constitution

Centre policies

Legislation as listed on other information sheets from CommitteeBasics

Where to get more information

KPV Early Childhood Management Manual (available Term 1 2011)

KPV GovernanceWorksv2 (due Term 1 2011)

KPV EmployerWorksv2 (due Term 1 2011)

KPV FinanceWorks

KPV PolicyWorksv2

KPV Governance Tips (free to download from www.kpv.org.au)

Consumer Affairs Victoria website: www.consumer.vic.gov.au

Our Community website: www.ourcommunity.com.au

Your role as employer

Background

Independent committees of management and cluster managers are responsible for employing staff. This includes attracting, retaining and managing appropriately qualified, skilled and experienced employees to work with children and families in the centre.

It is important that employers work towards developing a positive partnership with the staff that are responsible for delivering a quality early childhood program.

Overview of responsibilities:

Committee members need to have a clear understanding of the role of the employer and the role of the employee.

As the employer you will need to ensure you:

- Appoint a staffing subcommittee/staffing liaison person.
- Comply with and are aware of all relevant legislation pertaining to employment of staff in early childhood centres.
- Have in place appropriate employment policies including :
 - Equal opportunity
 - Occupational Health and Safety, WorkCover
 - Prevention and management of harassment and bullying
 - Staff counselling and discipline
 - Staff grievance
 - Return to work
 - Non smoking.
- Pay staff in accordance with the appropriate award/agreement and conditions of employment. (Most independent kindergartens and some cluster managers use 'PayLine' to process and distribute staff pays).
- Maintain staff personnel files and other employment records.
- Treat staff with respect and consideration.
- Provide a safe workplace.
- Provide staff with time to discuss issues when they arise and an opportunity to input into employer decisions.
- Support staff professional development.
- Conduct annual performance reviews.
- Have a clearly set out process for the organisation of relief staff.
- Employ staff in accordance with the relevant awards, agreements and conditions of employment. In early childhood centres this may include:
 - Victorian early Childhood Teachers and Assistants Agreement 2009 (VECTAA)
 - Educational Services (Teachers) Award 2010
 - Children's Services Award 2010
 - Clerks – Private Sector Award 2010
 - Health Professionals and Support Services Award 2010
- Have appropriate processes in place for the appointment of new staff including recruitment, selection, and appointment, and induction, management of probation and staff orientation program.

- Manage change in staffing conditions of employment in an appropriate manner.

Understanding the relationship

Ideally, the committee (employer) and employees (staff) work as a team towards a common goal – the provision of a high quality early childhood program for parents and children.

The committee (employer):

- Does not generally attend the workplace on a daily basis
- Entrusts and delegates the responsibility for the day-to-day operation of the centre to the staff
- Respects the role of staff in both planning and delivering a high quality early childhood education program.

The staff:

- Are accountable to the committee
- Need to understand and respect the role of the committee as both manager and employer
- Must abide by the committee's decisions and directions.

Using PayLine

- Refer to *Demystifying the jargon* for an explanation of the role of PayLine.
- Centres that use PayLine will need to appoint and authorise a payroll officer. If this is a new person PayLine will need to be notified about the change in authorised person.
- The new payroll officer should be provided with all the information required to complete the pay process and ensure staff are paid correctly and on time.
- PayLine and KPV distribute a Kindergarten Welcome Kit each January and ADP provides training in first term for all payroll officers.

Compliance

Industrial Awards and Agreements

Legislation such as *Equal Opportunity Act 1995*, *Disability Discrimination Act 1992* (Cth), *Fair Work Act 2009*, *Occupational Health and Safety Act 2004*

Where to get more information

Kindergarten Parents Victoria (members only) tel: (03) 9489 3500, rural: 1300 730 119

KPV Early Childhood Management Manual (available Term 1 2011)

Worksafe Victoria www.worksafe.vic.gov.au

Fair Work Australia www.fwo.gov.au

Victorian Employer's Chamber of Commerce and Industry (members only) website: www.vecci.org.au

PayLine (for centres using that service only), tel: 1300 763 652, email: payline@au.adp.com, www.payline.com.au

Australian Education Union (Kindergarten teachers and assistants), AEU tel: (03) 9417 822

Liquor Hospitality & Miscellaneous Union (Kindergarten assistants & children's services workers) LHMU website: www.lhmu.org.au

Funded Agency Channel website: www.fac.dhs.vic.gov.au

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 (available Term 1 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

Your role in fundraising

Background

Most centres will do some form of fundraising to:

- Raise funds for extra resources and improvement of facilities.
- Provide opportunities for families to meet and develop a sense of community.
- Market the centre and promote the value of kindergarten.

Committees should not rely on fundraising to balance their budget as it is not sustainable in the long term.

Overview of responsibilities

- Decide whether fundraising is the most appropriate method to raise extra money.
- Decide whether the committee of management or a subcommittee will be responsible.
- If it is a subcommittee, determine and document the extent of authority and whether it will be set up as a separate sub entity (see Fundraising Made Simple or GST for pre-schools).
- Decide how GST will be managed if there isn't a separate sub entity (input taxed or do nothing).
- Comply with GST and other tax requirements.
- Comply with the Fundraising Appeals Act.
- Comply with the rules and requirements of the Office of Gambling Regulation for raffles.
- Support fundraising activities.
- Ensure that appropriate procedures are in place for handling money (receiving, counting and banking).
- Ensure you have declared charitable status before planning any raffles (refer to Australian Business Register for information regarding your association's GST and charitable status).

Compliance

Australian taxation law
Fundraising Appeals Act 1998
Office of Gambling Regulation

Where to get further information

KPV's Fundraising Made Simple

Australian Business Register website: www.abr.business.gov.au/If43vy45dk1rcm45pudcgz55/main.aspx

Australian Taxation Office website: www.ato.vic.au/nonprofit GST for pre-schools
www.ato.gov.au/businesses/content.asp?doc=/content/51967.htm

Consumer Affairs Victoria website: www.consumer.vic.gov.au (see fundraising regulations section)

Victorian Commission of Gambling Regulation website: www.vcgr.vic.gov.au