

# 2010

## Committee Basics

### for Cluster managed, incorporated early childhood centres

**Tip Sheets include:**

Demystifying the jargon

Your role in providing good governance

Your role as an incorporated association

Your role as manager

Your role in managing finance

Your role in fundraising

# Demystifying the jargon

## Common terms and acronyms used in early childhood services

### Acronyms

<b>AEU</b>	Australian Education Union, industrial coverage for early childhood teachers and assistants.
<b>AGM</b>	Annual General Meeting.
<b>ATO</b>	Australian Taxation Office.
<b>CSA</b>	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.
<b>DEECD</b>	Department of Education and Early Childhood Development. Monitors compliance with the <i>Children's Services Act 1996</i> and Children's Services Regulations 2009; funds kindergarten programs.
<b>ECA</b>	Early Childhood Australia.
<b>KESO</b>	Koorie Education Support Officer, refer to Victorian kindergarten policy, procedures and funding criteria – Service provision support.
<b>KISS</b>	Kindergarten Inclusion Support Services provides assistance to service providers to enhance the inclusion of children with severe disabilities 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.
<b>KPSA</b>	Koorie Preschool Assistant (program), refer to Victorian kindergarten policy, procedures and funding criteria– Service provision support.
<b>LHMU</b>	Liquor Hospitality and Miscellaneous Union. Industrial coverage for early childhood assistants and children's services workers.
<b>PSFO</b>	Preschool Field Officer, refer to Victorian kindergarten policy, procedures and funding criteria– Service provision support.
<b>SGM</b>	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 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 Veteran's 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 Torre 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.

**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 provider**

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

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**Your Cluster manager**

# Your role in providing good governance

## Background

At the Annual General Meeting (AGM) the members of the association (usually families with children at the centre or on the waiting list) elect the committee to manage the affairs of the association on their behalf. It is important that the members have confidence in the elected members. Sound governance practices with open, transparent communication about actions and decisions will help build this confidence and ensure that everyone is working towards the same outcome.

Good governance enables the organisation to endure, remain viable and carry out the purpose for which it was designed.

The components of good governance include:

- Coherent aims and goals
- Sound framework of policies and procedures
- Clearly defined roles and responsibilities
- Ethical standards and code of conduct
- Strategic planning and risk management
- Transparency.

## Overview of responsibilities

### Aims and goals

The association's constitution will include a statement about the purpose of the association. This statement can be a starting point for a centre/service philosophy. The philosophy is a shared vision which reflects the interests of the membership and guides the work of the organisation. It assists in setting goals for the committee and ensuring that all members are united in their work centre.

Centres in cluster management arrangements should develop their philosophy in consultation with the cluster manager.

### Policies and procedures

Policies guide the day-to-day decision making and provide a structure for practice when working with children, staff and families. They should be based on knowledge, understandings, beliefs and legislation. The Children's Services Regulations 2009 and the Victorian kindergarten policy, procedures and funding criteria require specified policies. Others are developed as needed. A comprehensive set of policies should be continually evolving and require ongoing evaluation and review by the management body to ensure they best meet the needs of the community, reflect current thinking and are relevant in terms of current laws and regulations.

In cluster management arrangements, policies required by the regulations or funding agreement are developed by the cluster manager; additional policies may be developed by the site committee or the cluster manager (depending on the responsibilities outlined in the centre's agreement with the cluster manager). Committee members should have copies of the centre policies and familiarise themselves with those policies.

KPV's PolicyWorksv2 provides a comprehensive set of model policies for early childhood centres, including information about how to develop and review policies.

## **Clearly defined roles and responsibilities**

### **Committee as a whole**

It is important that all committee members are dedicated to the work of the committee by sharing the workload, participating in the activities of the committee and taking responsibility for the decisions it makes. The committee needs to have common goals and shared interests as well as respect for one another's ideas and opinions. Some members of the committee may be given specific tasks or responsibilities according to the needs of the centre or the requirements of the association's constitution otherwise all elected members have equal responsibility. Committee members can assist the work of the committee by ensuring correct meeting procedures are followed. This includes attending and being prepared for meetings; using tools such as agendas; minutes and action sheets; listening to other opinions and ideas; and being prepared to participate in discussion.

### **President**

Is the key person but not the person who 'does it all' or makes all the decisions. Their role usually includes: chairing committee meetings and ensuring committee meetings are run smoothly and efficiently; coordinating the work of the committee; knowing and utilising the skills of each committee member; understanding the role of the committee and its authority; participating in effective communication and the decision-making processes. The president may also assist with the setting of the agenda.

### **Vice president**

Assists the president and chairs meetings in the absence of the president. It can be used as a training role and they may also be given a specific task such as cluster liaison.

### **Secretary**

Is usually responsible for all outgoing/incoming correspondence (preparation, recording and distribution); preparing material for meetings (such as agendas, discussion papers, action sheets); writing/distributing/filing of minutes; management of centre records (filing, accuracy, privacy). The secretary may manage enrolments; communication with families and the community and complete reports for organisations such as the cluster manager. This role can be separated to share the workload.

### **Public officer**

All incorporated associations are required to have a public officer. They are the point of contact between Consumer Affairs Victoria (CAV) and the association. Their role is to maintain the register of members, notify CAV of any changes to the association details and complete an Annual Statement (within one month after the AGM) for consumer affairs. CAV must be notified within 14 days if there is a change of public officer or their contact details. The constitution will define who the public officer of the association is to be and in many cases the secretary is the public officer. Proposed changes to the *Associations Incorporation Act 1981* include replacing the term Public Officer with Secretary.

## **Treasurer**

The constitution will outline the responsibilities of the treasurer. To share the workload the treasurer's responsibilities are often divided into a number of smaller roles. The treasurer does not make decisions solely but ensures the committee is provided with accurate information to enable it to make informed financial decisions. The responsibilities of treasurer may include preparation of budgets; managing receipts and banking of money; payment of expenses; managing bank accounts; providing a monthly and annual report; organising the annual audit; accurate record keeping; compliance with taxation requirements and invoicing and receipting of fees. It is important that all processes for financial management are clear and transparent.

## **The executive**

It is common practice for the office bearers (normally the president, vice president, treasurer and secretary) of the committee to be called 'the executive'. The executive has no decision making powers of its own unless these have been stated in the constitution or delegated at a committee meeting. The executive is a type of subcommittee and should follow the same guidelines. It is common practice for the executive to be authorised to deal with urgent issues such as child safety/regulations, which may arise between meetings.

## **General committee members**

These are usually defined as those who do not hold a position specified in the constitution. They are vital to the effective operation of the committee and may be allocated a variety of tasks throughout the year. Effective committee members follow through on tasks allocated to them, respect confidentiality and support each other.

## **Subcommittees**

The basic function of a subcommittee is to undertake a specific task on behalf of the committee. They require clearly defined roles and responsibilities ('terms of reference'). These need to be determined by the committee and recorded in the minutes of a committee meeting. It is particularly important to determine the scope of decision-making responsibility. Subcommittees may be permanent, short term or investigative. Subcommittees can be a useful way of spreading the workload and can include parents and other interested people. KPV recommends that all committees elect at least two specific standing committees: a grievance/complaints subcommittee and a staffing subcommittee. Other subcommittees may include maintenance, fundraising, policy, quality or planning.

## **Ethical standards and code of conduct**

Ethics provide standards of right and wrong. They are the principles and values that guide behaviour and inform decision making. A committee code of conduct is a useful guide for committee members.

## **Confidentiality**

Privacy and confidentiality is critical to all organisations. Committee members will deal with sensitive and confidential information from time to time and it is essential that all members understand their obligations and are committed to maintaining confidentiality. This protects the organisation and ensures confidence in the committee and among committee members. KPV suggests that all committees adopt a Code of Conduct for committee members and that all members sign a member declaration. The Code of Conduct is a formal statement of the principles, values and standards of behaviour expected from the committee, staff and members of the association. This helps to create an environment where staff and committee members work together to achieve the same goals.

## **Decision making**

Unless the committee has delegated authority to an individual or group of people (subcommittee) decision making is the responsibility of the WHOLE COMMITTEE (office bearers and general committee members). All members should have the opportunity to hear the issues/facts, discuss and be listened to so they can make fully informed decisions. 'Rubber-stamping' is risky and not in the best interests of the organisation.

## **Record keeping**

Committees will be responsible for the management of a wide range of records. It is important that records are accurate and up-to-date. A variety of legislation requires committees to collect and maintain specific records and committees need to be familiar with these requirements. Privacy laws will also require that some records are stored in a secure place and committee members should understand how the centre's privacy policy relates to record keeping.

## **Strategic planning and risk management**

Committees need to plan, in consultation with the cluster manager, beyond the end of their term of office to ensure the ongoing viability of the centre. Strategic planning helps to focus the committee, staff and parents on working together towards the same long and short-term goals and thus providing a better service.

## **Accountability and transparency**

Open, transparent communication and decision making will help build confidence and ensure that everyone is working towards the same outcome—the best interests of children and families who are members of the association. Committees should develop procedures which ensure that decisions are communicated to members. This may include regular newsletters, notices, bulletins, display board etc. Minutes of meetings (or a summary), excluding confidential items, should be displayed on the noticeboard as soon as possible following a committee meeting. It is also important that members are given opportunities to provide feedback to the committee. The committee of management is accountable to the members of the association. An AGM must be held each year to provide a report to the members about the activities of the committee.

## **Compliance**

Incorporated Associations must comply with the *Associations Incorporation Act 1981*

Centre constitution

*Information Privacy Act 2000*

*Health Records Act 2001*

Service Agreement with the cluster manager

## **Where to get more information**

KPV Governance Manual for Early Childhood Services (new 2011)

KPV CommitteeWorks DVD

Consumer Affairs Victoria website: [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)

Our Community website: [www.ourcommunity.com.au](http://www.ourcommunity.com.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](http://www.consumer.vic.gov.au)

KPV model constitution

Our Community website

[www.ourcommunity.com.au/management/view\\_help\\_sheet.do?articleid=15](http://www.ourcommunity.com.au/management/view_help_sheet.do?articleid=15)

# 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 Governance Manual for Early Childhood Services (new 2011)

KPV FinanceWorks

KPV PolicyWorksv2

KPV Governance Tips (free to download from the KPV website)

Consumer Affairs Victoria website: [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)

Our Community website: [www.ourcommunity.com.au](http://www.ourcommunity.com.au)

KPV publications are only available to KPV members

# Your role in fundraising

## Background

Most early childhood centres including cluster-managed sites, 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 the early childhood program.

Cluster-managed site committees and their cluster manager must have clearly defined roles, responsibilities and agreement about use of fundraising income. Fundraising should not be relied on 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/\(lf43vy45dk1rcm45pudcgz55\)/main.aspx](http://www.abr.business.gov.au/(lf43vy45dk1rcm45pudcgz55)/main.aspx)

Australian Taxation Office website: [www.ato.vic.au/nonprofit](http://www.ato.vic.au/nonprofit) GST for pre-schools

[www.ato.gov.au/businesses/content.asp?doc=/content/51967.htm](http://www.ato.gov.au/businesses/content.asp?doc=/content/51967.htm)

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

Victorian Commission of Gambling Regulation website: [www.vcgr.vic.gov.au](http://www.vcgr.vic.gov.au)