



Governance Tips

Helping you stay on track

April 2010

Managing the money –

Financial responsibilities for committees.

A fundamental role of the committee is to oversee and monitor the finances of the centre. This involves key activities such as ensuring there is an annual budget, monitoring income and expenditure against the budget estimates and reviewing finances as necessary.

To receive kindergarten funding your organisation must be able to demonstrate financial viability of the kindergarten program to the Department of Education and Early Childhood Development (DEECD) (see the Victorian kindergarten policy, procedures and funding criteria 2010-2012), as they can request to see the organisation's budget. In addition to this, a committee of an incorporated association has the responsibility for looking after the association's finances. Committee members must know enough and have sufficient understanding of the organisation's finances to be well informed about its financial capability. This helps committees to make sound decisions, based on good sense and valid reasoning.

Cluster Managers are responsible for the government funding it receives for their member kindergartens. Kindergartens who are part of a cluster management arrangement should confirm their financial responsibilities and processes with their cluster manager. However, those centres that are part of a cluster but also incorporated as an association have responsibility to ensure the finances of their association are managed with care.

Developing and monitoring a budget is therefore an essential requirement of good governance, and an important strategy to ensure that your organisation meets a range of legal and contractual requirements.

Budgeting is an ongoing process.

Planning a budget should commence when you are exploring the programs your centre will be offering the following year. Program models need to be costed as part of this process and the

budget will assist you to set fees which reflect the real cost of delivering that program. In the first instance the budget will need to be reviewed based on the actual enrolment numbers. A budget subcommittee may undertake the initial budget planning process, which is then presented to the whole committee for comment and approval.

Implementing the budget begins once it has been formerly approved by the committee at a meeting. All subcommittees and staff need clear guidelines and information in relation to budget allocations and procedures for purchasing and when there needs to be committee authorisation.

Monitoring the budget via a monthly treasurer's report at the committee meeting is a critical component of sound financial practice. The report should include reconciled bank balances, income received, total expenditure, a comparison budget estimate and balances of budget allocations. This detail will enable each committee member to see how the organisation is tracking with their finances. Providing this report prior to the committee meeting enables committee members to come to meetings having already analysed the organisations financial position and ready to discuss issues and make informed decisions.

Financial management tips.

Financial management is one of the areas of committee responsibility that has potential to cause significant problems for large and small organisations alike. Therefore it is important to have processes in place which are aimed at protecting the organisation from the possibility of theft, fraud or mismanagement and protecting the people handling the money from the possibility of exposure to destructive accusations. A good system encourages a culture of questioning and ensures the organisation is openly accountable to its community and other bodies.

PROGRAM PARTNERS



Department of Education and
Early Childhood Development



Kindergarten Parents Victoria Inc. ABN: 39 058 205 158
Reg No: A0024070C PO Box 1246, Collingwood VIC 3066
Tel: (03) 9489 3500 Rural: 1300 730 119 Fax: (03) 9486 4226
Email: kpvi@kpvi.org.au Website: www.kpvi.org.au

Some things to remember:

- clear accurate reports are presented at each committee meeting.
- NEVER SIGN blank cheques
- signatories to accounts are not from the same family
- always check that goods or services have been received before payment is made
- clear purchasing procedures are in place
- purchases outside the budget allocation are approved by the committee before they are incurred
- money is always counted by two people when it is received
- bank statements are checked by someone other than the treasurer
- money is banked as soon as possible
- all accounts are paid in a timely manner
- monitor the budget
- ask questions
- all decisions are based on sound financial information.

Resources that have been developed by KPV to support the committee with regards to monetary matters include:

- **Budgetworks V2** - This is an interactive product which contains useful tools to support your service in meeting its financial obligations.
- **FinanceReports** - This provides general guidance to committees that have the legal responsibility for the financial management of a Children's Service, to understand and effectively manage reporting obligations.

Both of these resources can be ordered via the KPV website: www.kpv.org.au or over the phone: 94893500

A new **Self Guided Learning Package on Financial Management** will be available on the KPV website soon. This package can be downloaded for free and provides flexibility for committee members wanting to develop and enhance their knowledge and skills in relation to financial management.

KPV Committee Training

KPV's committee training sessions reflect requests from our members.

April 22 – Demystifying your existing budget

Where: Manningham City Council, Heide Room, 699 Doncaster Road, Doncaster.

When: 7-9.30pm

Content:

- Clarification of roles with budgets – it isn't just the Treasurer
- Monitoring
- Reporting information – monthly & annually
- When to take action
- Risks
- Policies & procedures around \$
- Provisional Account
- Resources

May 5 – Considerations for the new budget

Where: TRY Youth & Community Services, Showgrounds Village - P1, Government Pavilion, 320 – 380 Epsom Road, Flemington

When: 7 – 9.30pm

Content:

- Developing a new budget
- Analysis of income and expenditure
- Understanding your income: where it comes from and how to keep it
- Financial considerations around the new budget
- 8 step budget cycle

Registration Information:

Registration is essential as all sessions are conducted upon minimum numbers. A confirmation email will be sent to all participants a week prior to the session.

You can register by emailing the following information to training@kpvc.org.au:

- participant name and role on the committee/cluster
- organisation name and KPV membership number
- day time/mobile phone number and email address.

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