



Finance Policy

Goal:

To ensure that financial accountability and the long-term sustainability of the Centre is maintained through:

- Effective budgeting and monitoring of resource use in pursuit of Centre objectives;
- Following clear and appropriate financial and accounting practices;
- Provision of all information necessary for the preparation of financial statements, an annual audit, and any other statutory requirements to which the Centre is subject.

Procedure:

1. The 'Person Responsible' is the Supervisor or person acting in this role in her/his absence.

Budgeting and Reporting:

Annual Budget:

2. The 'Person Responsible' shall develop an annual budget in consultation, as appropriate, with other staff in the Centre, with the Trust, and with relevant financial advisors.
3. Provision will be made in the annual budget for staffing costs, professional development, equipment, consumables, and all other costs associated with the operation and maintenance of the Centre.
4. If indications are that the Centre will be budgeting a deficit, the Trust must be informed immediately so that decisions can be taken to mitigate the deficit as far as is possible.
5. The annual budget will be presented to the Trust in draft form for discussion no later than the last Trust meeting of the prior calendar year. The annual budget shall be presented to the Trust in its final form for approval no later than the first Trust meeting of the budgeted calendar year.

Monthly Accounts:

6. The 'Person Responsible' shall ensure the preparation of a monthly financial report, monitoring the financial position of the Centre, its income and expenditure, and recording actuals against the annual budget.
7. The monthly financial report will be disseminated to the Trust one week prior to Trust meetings.

8. The monthly financial report shall be viewed and approved by the Trust Treasurer prior to formal presentation at the Trust meeting.
9. The 'Person Responsible' will formally present the monthly financial report at each Trust meeting. The presentation should include commentary explaining key points and any issues arising.
10. An external accounting service shall be contracted to assist the 'Person Responsible' in fulfilling this requirement. The 'Person Responsible' and the Treasurer of the Trust will be responsible in the first instance of communication with this service.
11. The 'Person Responsible' and the Treasurer will liaise regularly in relation both to monitoring monthly accounts, and to any other financial issues that may arise.

Annual Reporting:

12. The 'Person Responsible' shall ensure the preparation of an annual Financial Report, including but not limited to:
 - Profit and loss account;
 - Balance sheet;
 - Statement of movements in equity; and
 - Notes to the accounts.
13. An external accounting service shall be contracted to assist the 'Person Responsible' in fulfilling this requirement. The 'Person Responsible' and the Treasurer of the Trust will be responsible in the first instance of communication with this service.
14. The Ministry of Education and Charities Commission require that the Financial Report be subjected to an independent audit. In this respect, an independent Auditor will be appointed annually by the Trust at its Annual General Meeting.
15. The 'Person Responsible' will liaise with the Auditor, and provide them with all necessary information to expedite the auditing of the Financial Report in a timely manner, but no later than 120 days following the Centre's balance date.
16. The audited Financial Report will be presented to the Trust for review and approval at the Annual General Meeting.
17. The audited Financial Report will be submitted to the Ministry of Education and the Charities Commission by 30 June of the following financial year.
18. The Ministry of Education requires that the Centre make its Financial Report available to the community (parents, whānau and staff) within 180 days of the end of the financial year. To fulfil this request, the approved Financial Report will be made available to the community at the Annual General Meeting, or by request thereafter.

19. The 'Person Responsible' will complete the annual return to the Charities Commission.

Financial Controls:

20. The 'Person Responsible' will record, track and manage all income and expenditure. All monthly expenditure and accounts will be presented as soon as practicable to the Trust for approval.
21. The 'Person Responsible' shall have limited delegated financial authority for expenditure:
- Expenditure up to \$500 may be undertaken, with approval to be received from the Trust at the nearest subsequent Trust meeting;
 - Any expenditure above \$500 will require prior approval of the Trust.
22. Any other member of staff may undertake expenditure up to \$100 only with the express approval of the 'Person Responsible', and with approval to be received from the Trust at the nearest subsequent Trust meeting.
23. All transactions are to be approved by two authorised signatories. These can be any two of the following: the 'Person Responsible', Chairperson of the Trust, Treasurer of the Trust, and Assistant Supervisor of the Centre.
24. From time to time the Centre may enter into a Contract (e.g. employment contract, contract for services etc.). Prior to entering any Contract, it must be reviewed and approved by the Trust, with such approval documented and minuted.

Roles and Responsibilities:

Trust:

25. The Trust, its Chairperson, Treasurer, and other officers and members shall as appropriate:
- Provide input to, review and approve the Annual Budget.
 - Monitor ongoing financial reporting;
 - Review and approve the audited annual Financial Report;
 - Approve expenditure in accordance with the Centre's delegated financial authorities;
 - Authorise invoices for payment in accordance with the Centre's delegated financial authorities;
 - Authorise the Centre to enter into contracts;
 - Evaluate the financial impact of any operational decisions to be made by the Trust and Centre Management;
 - Work to maintain a conservative level of financial reserves, so as to help ensure the continued financial sustainability of the Centre, for

example in the event of an unexpected shortfall in income or increase in expenditure;

- Make decisions to prevent or address any deficit (either budgeted or actual).

‘Person Responsible’:

26. The ‘Person Responsible’ shall:

- Work to ensure that the roll is maintained at full capacity, having reference to staff ratio requirements for the age of children at the Centre, and quality of teaching, so as to maximise Ministry of Education funding;
- Maintain accurate records of child attendance numbers and staff hours for completion of RS7 Early Childhood Funding Returns, and complete and return the RS7 as and when necessary;
- Authorise or gain authorisation for payment of invoices in accordance with the Centre’s delegated financial authority;
- Maintain a file of financial information, including the annual budget, month-end accounts and the audited Annual Financial Report, such that this information is readily available for parents to review, should they request it.
- Complete all other financial, budgeting and reporting obligations as outlined elsewhere in this policy, and in other relevant policies of the Centre.

References:

- Education Act 1989, s.311
- ECE Funding Handbook, Chapter 12

This policy will be reviewed as per the policy review schedule.

Reviewed: 8 August 2020.