

## FINANCIAL POLICY

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### BACKGROUND

Eltham Woods Pre-School is a non-profit making association funded by Government grants, term fees and fundraising.

The Committee of Management is responsible for the financial management of the Pre-School in compliance with the Eltham Woods Pre-School Constitution and Service Agreement.

Funds are handled on behalf of the Pre-School by the teachers and members of the Pre-School Committee.

The Pre-School, Committee, teachers and parents shall be protected from financial mis-management, or allegations thereof, by adhering to the following procedures.

### PROCEDURES

#### 1. INCOMING FUNDS

##### 1.1 General

- 1.1.1 It would be preferred if amounts over \$20 be paid by cheque.
- 1.1.2 Cheques must be crossed and made payable to "Eltham Woods Pre-School Inc.". The following details need to be recorded on an accompanying slip – Name, Group, Purpose of Payment and Amount of Payment.
- 1.1.3 Cash payments MUST be handed to a Committee member or Teacher who will verify the amount with another staff or committee member. The Committee member or Teacher will check the cash amount, and record the amount on the envelope. The cash will then be placed in a cash box for the payment purpose. Cash MUST be accompanied by a slip showing - Name, Group, Purpose of Payment and Amount of Payment.
- 1.1.4 The Treasurer and Fees Treasurer are responsible for emptying and banking funds in the locked Treasurer's box located at the office door.
- 1.1.5 The Social Convener will be responsible for the receipt of social event monies.
- 1.1.6 The Pre-School will NOT accept responsibility for cash left in any cash box that has NOT been receipted.
- 1.1.7 The drawer of any dishonoured cheques issued in payment of term fees or goods received will be responsible for reimbursing the Pre-School for any bank charges incurred.

## 1.2 Term Fees

1.2.1 Cheques for payment of term fees may be mailed to the Eltham Woods Pre-School or placed directly in the locked Treasurers box at the office door or be paid via internet banking.

1.2.2 A receipt for the term fees will be placed in the child information pocket located in the bathroom.

## 1.3 Fundraising / Social

1.3.1 On completion of an event funds will be handed to the Treasurer with a statement of event and amount of funds taken. Part payments may be accepted.

## **2. PAYMENT OF ACCOUNTS**

2.1 All payments are to be made by cheque.

2.2 A voucher **MUST** be kept for record purposes of each cheque. If no invoice issued by supplier the Treasurer must write out a Payment Voucher recording – Cheque No., Date of Payment, To Whom Payment was Made, Amount of Payment and Purpose of Payment.

## **3. PETTY CASH**

3.1 Each teacher will have an amount of petty cash to spend at his/her discretion.

3.2 The amount of the monthly petty cash will be set at the December Committee meeting each year.

3.3 The petty cash cheques will be either cashed by the Treasurer or a “Cash” cheque handed to the teacher. The petty cash is issued as required; usually once a month.

3.4 The teacher will complete the Petty Cash Book for incoming expenditure and receipts. Receipts will be kept with the Petty Cash Book.

## **4. SAVINGS INVESTMENT ACCOUNTS**

Savings Investment accounts have been established for the amounts not considered to be normal operating funds. These accounts will need to be updated by transfer of funds. The purpose of the funds transferred to the Savings Investment accounts is as follows:-

4.1 Accumulated funds from previous years. These funds are to be reserved for such things as purchase and replacement of large items of equipment.

4.2 A second Savings Investment account has been established for:

4.2.1 Accrued Long Service Leave for staff.

4.2.2 Accrued Sick Pay for staff.

## **5. FUNDRAISING / SOCIAL**

5.1 Amounts collected for fundraising or social events **MUST** be counted by two Committee Members at the end of the function. The details and amount must be recorded and signed into the Fundraising receipts book before any monies are taken off the premises.

5.2 Any purchases or costs required for the function must have supporting documentation. Receipts must be handed to the Treasurer with funds at the completion of the function.

- 5.3 Payment for any fundraising MUST accompany a slip stating – Name, Group, Purpose of Payment & Amount. Payment MUST be handed to a teacher or Committee Member responsible for the function. A receipt will be issued for Cash amounts where appropriate.
- 5.4 The Fundraising Committee will account for all fundraising funds for each event. Fundraising moneys MUST not be confused with term fees and should be kept in a cash box for that purpose only.
- 5.5 The Fundraising Committee will hand funds to the Treasurer properly accounted for, for banking. This can be done in part payments.
- 5.6 On completion of the function a statement will be presented to the Management Committee.

## 6. RECORD KEEPING

- 6.1 A written record MUST be kept of all receipts and payments. These receipts and payments should be allocated to different accounts according to their purpose. Records must also be kept on Wages, Petty Cash and Term Fees.
- 6.2 The Treasurers will prepare a Bank Reconciliation once a month.
- 6.3 An annual budget is prepared by the Treasurer prior to Annual General Meeting of previous year. This budget is used to set term fees for the following year. Any major variances from budget should be brought to the attention of the Committee in time for appropriate action to be taken.
- 6.4 Separate bank accounts and books are maintained for 3 and 4 year old groups.

## 7. WAGES

It is the responsibility of the Wages Treasurer (3 and 4 year old) to ensure staff salaries and associated payments are paid accurately and on time. This responsibility is set out below.

In 1995 Eltham Woods Pre-School contracted Payline to perform these functions.

### 7.1 3 and 4 year old Teachers and Assistants Wages

Staff wages are paid on a fortnightly basis, throughout the year (including term breaks). Annual leave is paid with the last pay period of the Pre-School year. Staff allowances (first-aid, clothing, cleaning) are paid once a term with the last pay period of the term. Travel allowance can either be paid at the end of term or on a monthly basis with the appropriate pay period. Any additional paid hours worked must also be advised.

The Treasurer must ensure that all legal requirements in regard to hiring of staff are adhered to – ie. A tax Employment Declaration must be filled in and a copy sent to the Taxation Dept.

A record must be kept of all staff wages paid:-

- Hours worked
- Gross salary
- Tax deduction
- Allowance paid

### 7.2 Staff Increments

The Treasurers must insure that all staff are paid at their correct level. Increments must also be paid on the date due, or back dated to that date if information not available at the time. With a change in staff hours worked this may require a recalculation of increment dates.

### 7.3 Sick Leave

Staff are entitled to sick pay. The Treasurers must ensure records of sick pay taken and accrued sick pay are kept. Sick leave allowances must be up-dated annually. The dollar amount of any unused accrued sick pay at the end of the Pre-School year should be transferred to the Savings Investment account for possible use in following years.

### 7.4 Long Service Leave

Staff are entitled to long service leave when due. The Treasurers must ensure records of long service leave accrued and taken are kept. An amount is set aside annually for accrued long service leave. This amount should be transferred to the Savings Investment account to ensure adequate funds are available when long service leave is due.

7.5 Relief Staff

In the event of sick leave taken by staff a relief person MUST be hired. The Vice President or Director should be responsible for hiring of relief staff. Taxation Employment Declaration must be filled in by all paid relief staff. Hours relief staff work must be advised to the Treasurers so payment for time worked can be advised.

7.6 Group Tax

Group tax MUST be paid to the Taxation Department either on a monthly or quarterly basis. Group tax paid for the period must balance with the amounts deducted from staff wages for that period. The tax MUST be paid by the seventh day following the month of month or quarter. Failure to pay by this date may result in the Pre-School receiving a fine.

7.7 Superannuation

Superannuation for all permanent staff must be paid. In some cases relief staff also require superannuation paid on their behalf.

7.8 Work Cover

All staff must be covered by Work Cover. The Treasurer must advise the Insurance Company annually of actual wages paid in preceding year and projected wages for following year.

7.9 Group Certificates

Group certificates for all staff must be prepared at the end of the financial year (June 30<sup>th</sup>). Amounts paid for wages in the cashbook must balance with amounts on the group certificates. The Treasurer must issue these group certificates to staff by July 14<sup>th</sup>. A Group tax Reconciliation Statement must also be prepared and forwarded to the Taxation Department by August 14<sup>th</sup>.

## 8. REPORTING

8.1 Monthly Treasurer's Report

The Treasurer must present a report to the Committee at the monthly meetings. These reports outline the bank balance, showing balance brought forward from previous meeting plus receipts for month, less payments for month to show bank balance as per date of meeting.

8.2 AGM Treasurer's Report

The Treasurers present a Statement of Receipts and Payments (bank balance) at the annual general meeting. These are reported as in 8.1, but for a twelve month period (from one AGM to next).

A report on the operating surplus or deficit of each group for the year is also advisable.

8.3 Annual Reports

Final financial reports must be made available to the following at the end of each Pre-School year (December 31<sup>st</sup>).

8.3.1 Committee members and parents of Eltham Woods Pre-School Inc.

- 8.3.2 To an independent formally qualified member for annual audit purposes as per Constitution.
- 8.3.3 To the Community Services Department of the Shire Council.
- 8.3.4 To the Primary Care division of Department of Health and Community Services. Also any other financial reports as may be required under the funding Service Agreement.
- 8.3.5 The Corporate Affairs Victoria office requires a copy of the financial reports as presented at the Annual General Meeting.

## POLICY CHANGE RECORD

<b>Date</b>	<b>Revision Description</b>	<b>Authority</b>
29/8/2011	Policy number EWPS-17 assigned	EWPS Vice President
2018	Review	EWPS President