Yarram Early Learning

Financial Management Policy

**Quality Area 7 – Leadership and Service Management**

**PURPOSE**

This policy provides guidelines for financial management and financial transactions at Yarram Early Learning, including:

* Detailing the authorisation processes for all financial transactions.
* The requirements for use of bank accounts, including opening, closing authorisation, variations to terms and conditions, reconciliation of bank accounts and bank account transactions.
* The use of a business credit card.
* Utilisation of suppliers to the business.
* The purchase of goods, services, equipment and assets for the business.
* Proficient processing of fortnightly wages for all staff.
* Quarterly staff superannuation payments and Business Activity Statements.
* Fundraising for the centre.

**POLICY STATEMENT**

**1. VALUES**

Yarram Early Learning is committed to:

Establishing best practice financial management processes and systems.

* Ensuring that the Yarram Early Learning Centre Committee of Management and all staff are accountable and transparent when completing financial management responsibilities.
* Maintaining a strong reputation as a professional supplier of services in the Yarram and District Community.
* Fulfilling all legislative responsibilities as a small business employing staff.

**2. SCOPE**

This policy applies to the Approved Provider, Certified Supervisor, Nominated Supervisor, Educators, other staff, students on placement and volunteers at Yarram Early Learning.

**3. BACKGROUND AND LEGISLATION**

**Background**

Good financial management is essential. Yarram Early Learning Centre strives to successfully manage finances to create sustainability and growth for the Centre. This includes balancing the books, budgeting and good cash flow management. These are extremely important in a new centre that is still maturing and determining benchmarks for financial sustainability.

**Legislation and standards**

Relevant legislation and standards include but are not limited to:

*Equal Opportunity Act 2010* (Vic)

*Fair Work Act 2009*

* *Income Tax Assessment Act 1997*

*National Quality Standard*, Quality Area 7: Leadership and Service Management

Standard 7.3: Administrative systems enable the effective management of a quality service.

**4. DEFINITIONS**

Nil

**5. SOURCES AND RELATED POLICIES**

This policy should be read in conjunction with the Fees Policy and the Instrument of Delegation for Yarram Early Learning Centre.

**PROCEDURES**

Refer to Attachment 1 for the Finance Procedure Manual.

**EVALUATION**

In order to assess whether the values and purposes of the policy have been achieved, the Approved

Provider will:

* Monitor all financial aspects of the service at monthly committee meetings.

Regularly seek feedback from everyone affected by the policy regarding its effectiveness.

Keep the policy up to date with current legislation, research, policy and best practice.

Revise the policy and procedures as part of the service’s policy review cycle, or as required.

Notify all relevant stakeholders (parents, staff, suppliers etc.) at least 14 days before making any changes to this policy or its procedures.

**ATTACHMENTS**

Attachment 1: Finance Procedure Manual

**AUTHORISATION**

This policy was adopted by Yarram Early Learning Incorporated in January 2016.

**REVIEW DATE:** January 2017

**ATTACHMENT 1**

Finance Procedure Manual

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# Introduction

The Yarram Early Learning Centre Finance Procedure Manual provides the procedures for finance transactions within the business which must be followed by all staff. It also provides guidelines for Yarram Early Learning Centre with the correct procedure to follow.

Yarram Early Learning Centre will keep all financial procedures current and relevant. From time to time it will be necessary to modify and amend some sections of the procedures, or to add new procedures.

Any suggestions, recommendations or feedback on the content of this manual are welcome.

These procedures apply to all employees.

# Finance Authorisation Procedure

Prior to any of the following finance transactions being undertaken, the authorising person noted must authorise the transaction.

Where additional policy is noted, this policy must also be adhered to when undertaking the finance transaction.

| Finance Transaction | Authorised Person |
| --- | --- |
| Bank Accounts | Refer to Instrument of Delegation that explains Delegated Authority for various amounts |
| Authorising New Suppliers | Nominated Supervisor |
| Purchasing Stock | Refer to Instrument of Delegation that explains Delegated Authority for various amounts |
| Purchasing Assets/ Equipment | Refer to Instrument of Delegation that explains Delegated Authority for various amounts |
| Debt Collection | Nominated Supervisor |
| Payment of Invoices | Refer to Instrument of Delegation that explains Delegated Authority for various amounts |
| Receipt of Fundraising  | Nominated Supervisor |
| Payment Payroll | Treasurer and Nominated Supervisor |
| Payment of Taxation and Superannuation | Refer to Instrument of Delegation that explains Delegated Authority for various amounts |

# Bank Account Procedure

#### Opening Bank Accounts

Any new bank accounts to be opened for the business must have the authorisation by the Yarram Early Learning Centre Committee of Management.

For each new bank account opened, the financial system must be updated and the bank account registered by Bookkeeping Officer.

#### Bank Account Authorisations

Refer to Instrument of Delegation that explains Delegated Authority for various amounts.

## Variations to Bank Account Terms and Conditions

Any variations to banking arrangements can be made or varied by the Treasurer. Bookkeeper is responsible for updating the financial system and/or bank account register with the new information.

## Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, Treasurer will authorise the closure of the bank account.

The Bookkeeper will then be required to complete the following:

* ensure all transactions with respect to the account (including cheques drawn) have been completed;
* lodge with the bank a letter, signed by two authorised signatories advising of the closure of the account;
* meet the bank's requirements with respect to account closure; and
* update the financial system and bank account register.

## Bank Account Transactions

All deposits or cheques received must be banked within 3 business days from receipt.

Unallocated direct deposits of more than one month will be investigated fully to determine source of deposit.

# Staff Purchasing Procedure

All purchases made by staff require authorisation from the centre Director prior to purchase or placing the order. In circumstances where staff use their own money for a purchase that cannot be put on account, staff will be reimbursed via electronic funds transfer within three business days after providing an appropriate receipt.

# New Supplier Procedure

### Choosing a New Supplier

A new supplier must provide our business with a quality product, great service, competitive pricing and efficient delivery.

For each new supplier we will either need to complete a Supplier Information Form or write up a Letter of Agreement.

### Appointment of Supplier

Completed Supplier Information Forms will be authorised by the Nominated Supervisor. Letters of Agreement will be authorised by a Delegate of the Committee of Management.

All relevant details of the supplier will be entered into the financial system by the Bookkeeper once approval is obtained as listed above.

The Nominated Supervisor will review information entered into the financial system and independently verify the bank account or other payment details of the supplier to ensure payments made are to the correct supplier.

### Supplier Payment Terms

All purchases from suppliers must be approved through relevant delegation.

Payment terms for all suppliers must be reviewed by the Bookkeeper at least once a year. Following this review each supplier must be approached to seek improved payment terms by the Bookkeeper.

Preferred method of payment for purchases is Credit Card or EFT (Electronic Funds Transfer).

All supplier payment terms must be a minimum of 30 days from the Invoice Date.

Any variation to the above must be authorised by the Nominated Supervisor.

#### Additional Procedures for Suppliers

Purchasing Procedure

# Purchasing Procedure

### Request for Purchase

All purchases for business items must be requested through a purchase request form.

The Bookkeeper or Nominated Supervisor will process the purchase request form through an authorised supplier. If this is a new supplier, a Supplier Information Form must be completed.

Yarram Early Learning Centre’s Instrument of Delegation provides information on who has authority to request the purchase and requirements for quotations based on value of the purchase.

## Equipment Asset Purchases

All equipment and asset purchases must be entered in the financial system by the Bookkeeper with the following details included:

* Date of purchase;
* Supplier; and
* Make, model, warranty/guarantee information.

## Receipt of Purchases

All purchases received are to be checked against invoice, invoice is to be stamped as correctly received and signed by the Nominated Supervisor and Bookkeeper. Invoice is then paid by the Bookkeeper and entered into the Financial System and filed accordingly.

### Additional Procedures for Purchasing

Use of Business Credit Card Procedure

# Payroll Procedure

All staff will complete a fortnightly time sheet.

Bookkeeper will collate all information for wage payments and these will be authorised by the Nominated Supervisor prior to payment.

Bookkeeper will process pay run.

Staff will complete a leave form for any sick, annual or other leave taken in accordance with the relevant award.

Adjustments to Nominated Supervisor wages; these can be prepared by the Bookkeeper and then authorised by a Committee member.

Adjustments to Bookkeeper wages; these can be prepared by the Nominated Supervisor and then authorised by a Committee member.

All payroll transactions are to be processed via EFT (Electronic Funds Transfer).

### Additional Procedures for Payroll

Quarterly Superannuation and Taxation payments.

# Quarterly Superannuation and Taxation Procedure

### Preparation for payment

Bookkeeper will run quarterly reports using the financial system to determine amount to be paid.

Nominated Supervisor will assess accuracy and Treasurer will authorise for payment.

All transactions are to be processed via EFT (Electronic Funds Transfer).

### Additional Procedures for Quarterly Superannuation and Taxation Procedure

Payroll Procedure.

# Bank Reconciliation Procedure

Each month records maintained on the Accounting Software must be Reconciled with the Bank Records.

All relevant reports must be printed by the Bookkeeper and presented to the Committee by the Treasurer each month. Any bank transactions that don’t reconcile to relevant bank statements should have their variances investigated immediately and the reasons for the variances noted for audit purposes.

# Fundraising Procedure

### Fundraising

The Parent Advisory Committee can organise minor fundraising/social events such as book or toy displays, raffles (up to RRP $500.00), commission on photographs, sausage sizzles etc.

The Staff or Parent committee MUST keep records of all activities, numbers of any raffle tickets, amounts raised, expenses and what the money is spent on. Money is to be spent each year.

It is suggested that any money raised by the Staff or Parent Committee be used to supplement visiting shows to the centre, special events, parties, etc.

Any plan for a large fund raising event MUST have the approval of the Yarram Early Learning Centre Committee PRIOR to commencement.

Money from fundraising activities is to be banked within 3 business days.

### Gifts

If items are donated to the centre they must be checked for safety by the Workplace Health and

Safety Representative. If they are accepted, they must be entered into the Inventory Register as donated items with an approximate value.

If free services are offered to the centre, the Centre Manager has an obligation to ensure safety standards are met.

Gifts made directly to staff can only be accepted if they are small in value (under $30.00). Gifts to staff over this value must be reported to the Nominated Supervisor so they can be documented in the staff member’s personnel file.

The Yarram Early Learning Centre is to be informed of any large gifts made to staff.