

Financial Management Term 2 2024

Presenters: Erin Taylor and
Georgie Delbridge

This session will cover...

- Who is Early Learning Association Australia (ELAA)?
- This presentation will cover the following
 - Incorporated associations
 - Financial responsibilities
 - Current reforms and funding
 - Planning for the future, including preparing the budget
 - Case study

Who is ELAA?

- **A not for profit, incorporated association governed by a board**
- **A membership organisation**
 - Training, employer representation, advisory service to early childhood committees of management, early years managers & local government
 - Peak body (advocacy) championing for excellence in early learning for children across Australia and supports parents and service providers
 - OHS, Road Safety Education and Best Start Best Life reform projects including Pre-Prep.
 - “Learning Brought to Life” Professional Learning and Development program for all audiences
 - Participation in early childhood events and forums



An incorporated association

Key Responsibilities include:

- Compliance with the Associations Incorporation Act and Regulations
- Not continue to operate when insolvent or knowingly trade into insolvency
- Not use position for personal or financial gain



A legal entity whose affairs are managed by a committee of management



The committee of management have obligations to comply with the relevant Act, Regulations on their constitution



The committee of management can enter contracts, receive funding and be approved to operate and manage an early childhood service

What do I need to do? The checklist

CHECKLIST



Roles & Responsibilities



Financial management



- Financial Duty
- Informed financial decision making
- Transparency and protection
 - Clear, up-to-date financial reports at every committee meeting
 - A culture of questioning
 - Clear delegation of authority for expenditure
 - Authorisation of payments
- Ensure all funding requirements meet
- Ensure all constitutional requirements meet
- Developing and maintaining budgets
- Independent auditing of finances annually
- Ensuring viability and sustainability

Remember..... The entire committee is responsible.

Responsibility Matrix

Committee		Treasurer		Bookkeeper	
Strategic planning		Collecting and banking income		Data entry	
Monitoring		Paying accounts		Keeping records up to date	
Checks and balances		Preparing and presenting reports and the budget		Preparing invoices, payroll and receipts	
Appoint an independent auditor		Authorising Payroll		Assist with the preparation of reports	

Finance Subcommittee

Benefits of a Finance Subcommittee

- It helps prevent fraud
- It allows the management committee meetings to focus on a wider range of issues
- It enables more democratic control of the organisation's finances
- It spreads the burden of financial management
- It helps train new committee members in financial matters.
- It provides for continuity where the Treasurer resigns or their term of office ends.



The role of the treasurer and finance subcommittee



- Set out in each organisation's constitution
- Primary role is to ensure the financial affairs of the organisation are conducted in an appropriate manner
- Provide comprehensive and accurate financial reports to the committee
- Ensure all members understand the financial situation of the organisation

Analysing the Monthly Report



- The treasurer should present the financial statements at a committee meeting.
- Record the financial statements in the minutes of the meeting.

The main areas to look at when analysing the financial report are:

- The overall surplus or deficit and budget variances.
- Compare year to date figures with budget allocation.
- Make adjustments to budget allocations to ensure a final balance.
- Time purchases to maintain cash flow.

The Monthly Report

Opening balance	\$21,336.58			
	This month	This year	Budget	Percent
Income				
Grant	\$7,715.92	\$23,147.76	\$92,591.04	25%
Fees	\$6,450.00	\$6,450.00	\$25,800.00	25%
Fundraising	\$215.25	\$712.56	\$2,000.00	36%
Interest	\$21.56	\$64.88	\$250.00	26%
Donations	\$1,000.00	\$1,000.00	\$2,000.00	50%
Total	\$15,402.73	\$31,375.20	\$122,641.04	26%
Expenditure				
Audit fees	\$0.00	\$0.00	\$300.00	0%
Bank fees	\$25.00	\$45.00	\$180.00	25%
Committee stationary	\$25.65	\$45.00	\$150.00	30%
Consumables	\$256.35	\$769.05	\$1,500.00	51%
Equipment purchases	\$200.00	\$600.00	\$1,000.00	60%
Excursions/entertainment	\$150.00	\$450.00	\$500.00	90%
Incorporation and license	\$32.00	\$129.00	\$100.00	129%
Maintenance	\$165.35	\$496.05	\$2,000.00	25%
On costs	\$907.35	\$2,722.05	\$12,000.00	23%
Photocopying	\$56.00	\$168.00	\$300.00	56%
Postage	\$11.00	\$33.00	\$200.00	17%
Salaries	\$7,561.23	\$22,683.69	\$96,000.00	24%
Utilities	\$365.25	\$365.25	\$1,500.00	24%
Total	\$9,755.18	\$28,473.09	\$115,730.00	25%
Closing balance	\$26,984.13			

Take action if any of the following occurs

Overspending

Using reserve funds to balance the budget

Income is less than budget, e.g.: fewer enrolments

Under estimation of expenditure or over estimation of income within the budget itself

Reliance on fundraising or voluntary contributions

Low provisions fund – LSL, other entitlements

Cross subsidy of services – pooling money received and spreading it out OR different funding opportunities and criteria

Fundraising



Things to consider:

- Is the fundraising activity going to delivery positive monetary return without huge commitment?
- What have you done in the past?
- Do you have a fundraising sub-committee?
- Do you have a separate bank account for fund raising money?
- Do you have clear cash handling processes and procedures?

Event	Income	Expenses	Profit
Mother's day stall	\$125.00	\$78.50	\$46.50
Easter Raffle	\$56.00	\$12.00	\$44.00
Cake stall	\$38.00	\$0.00	\$38.00
Trivia Night	\$1,125.0	\$950.00	\$175.00
Total			\$303.50

Planned Budget



Know how much money (income) is needed



Sound basis for planning ahead



Estimated vs actual income and expenditure



Efficient use of resources



Have documented evidence

Provisions Account

DE require that employee provisions are set aside in a separate bank account.

- Long service leave
 - Portable Long Service Leave
 - For employees who commenced prior to 1 Jan 2020, LSL provisions should be held in the service's provisions account.
- Personal leave accrues as hours, (three times weekly hours for teachers and double weekly hours for other employees) credited at the beginning of each year.
- "Disaster Fund" which will allow for the COM to use in times when a crisis occurs or an external consultant is required to support the COM through challenging situations

Provisions

Other Employee Costs

Salary On Costs	
Workcover	2.00%
Superannuation	11.00%
Sick Leave	6.00%
Long Service Leave	2.00%
Pay Increases	1.50%
Accident Mark Up	0.40%
Professional Development	1.50%
Total	23.90%
Provision for Bad Debts	5.00%

Salaries: minimum 3 %

Super increases to consider

1 July 2023 – 30 June 2024	11.00
1 July 2024 – 30 June 2025	11.50
1 July 2025 – 30 June 2026	12.00
1 July 2026 – 30 June 2027	12.00
1 July 2027 – 30 June 2028 and onwards	12.00

Reforms and funding

Best Start, Best Life



The government has announced some changes to the Best Start, Best Life reform timeline.

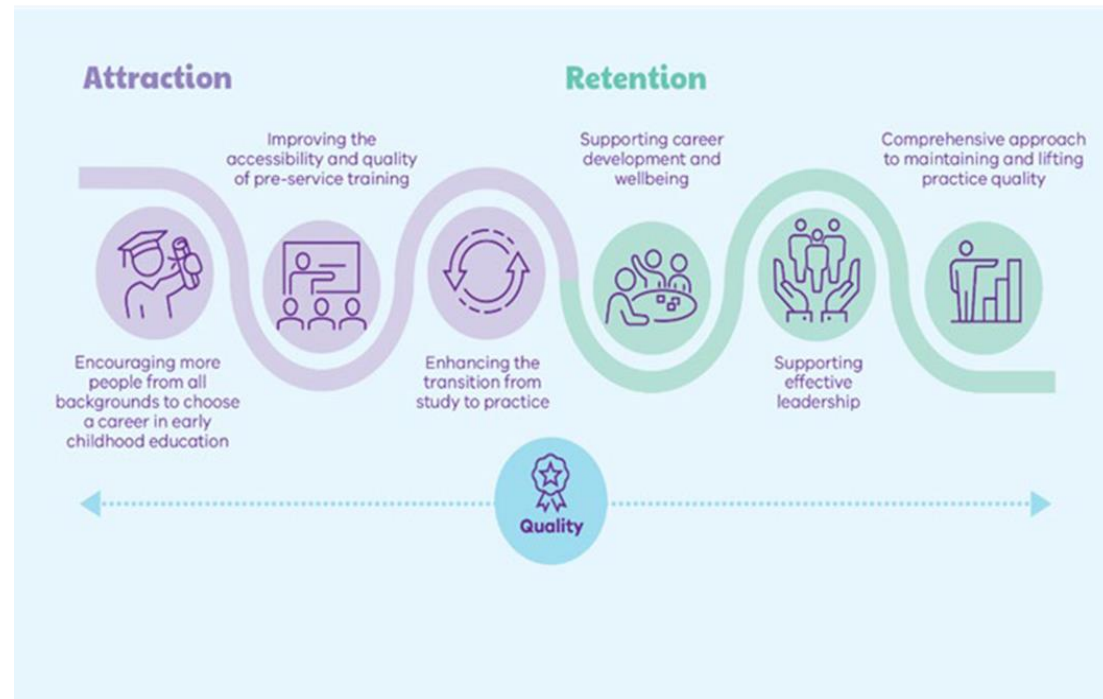
Free Kinder and Three-Year-Old Kindergarten will continue to benefit Victorian families.

The Pre-Prep roll-out schedule will be adjusted to be staged more gradually, with children across Victoria eligible to access up to 30 hours per week of Pre-Prep by 2036.

Workforce financial support

To maintain and continue building a high-quality workforce, the Department offers a range of initiatives including:

- Accelerated, employment-based Bachelor of Early Childhood Education.
- Free TAFE, training opportunities and financial support for Certificate 3 educators.
- Professional learning to help develop practice and build professional identity.
- Employment incentives, recruitment agencies, the [EC Jobs Board](#) and other supports once you enter the workforce.
- Alternate funding arrangements to support continued funding of programs experiencing staffing challenges.



For more information visit:

[What we're doing to support the workforce | vic.gov.au \(www.vic.gov.au\)](#)

[Recruiting new teachers and educators for the Best Start, Best Life reforms | vic.gov.au \(www.vic.gov.au\)](#)

Grants

INFRASTRUCTURE AND SERVICE PLANNING



<https://www.schoolbuildings.vic.gov.au/Pages/Building-Blocks.aspx>

Future Planning

Best Start Best Life
reform: Are you
prepared?

- Perform a current audit
- Allocate a subcommittee to do this
- Consider are infrastructure, programs, enrolments, financial position, staff, management model etc

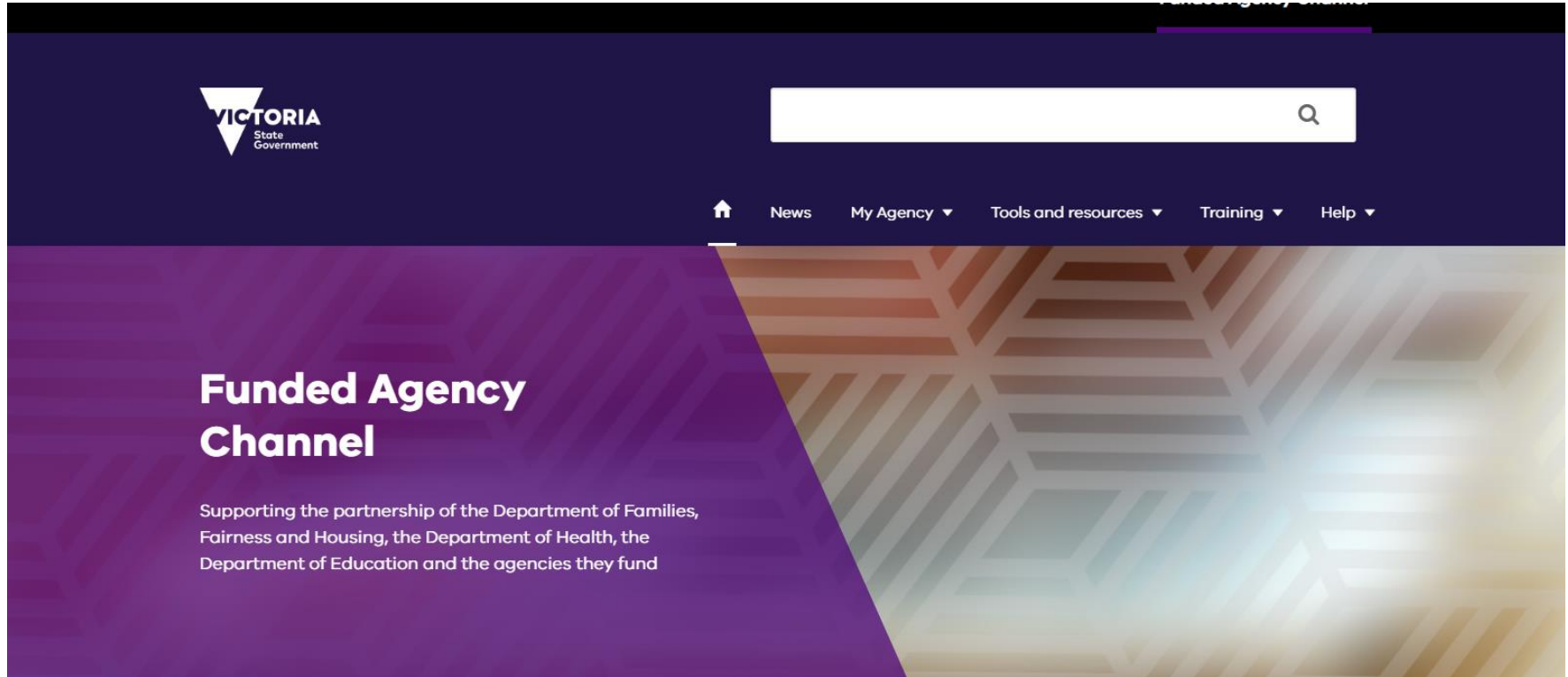
ELAA Training:

- Thursday 20 Jun: Interactive drop-in session – Program and timetable models
- Specific BSBL training: coming soon

ELAA Resources :

- Budgetworks and Modelworks
- Subscribe to ELAAVATE
- Video library

Access funding: Funded Agency Channel



Access Funding: Edupass



VICTORIA
State Government

Education and Training

eduPass

Security (show explanation)

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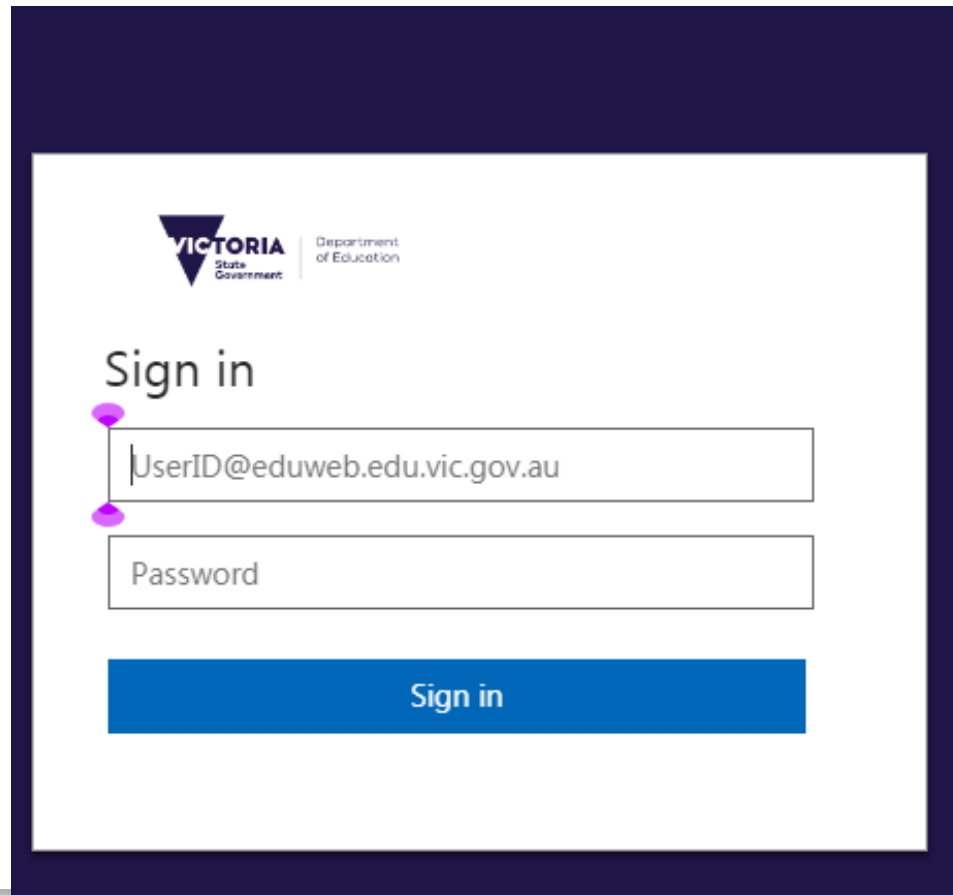
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Access funding: KIMS

KIMS (Kindergarten Kindergarten Information Management System)



The screenshot shows the KIMS Sign in page. At the top left is the Victoria State Government logo, and to its right is the text 'Department of Education'. Below this is the heading 'Sign in'. There are two input fields: the first is for the username, containing 'UserID@eduweb.edu.vic.gov.au', and the second is for the password, containing the word 'Password'. A blue 'Sign in' button is located below the password field. Two red dots are positioned to the left of the input fields, one above each.

VICTORIA
State Government | Department of Education

Sign in

UserID@eduweb.edu.vic.gov.au

Password

Sign in

Free Kinder

Available in long day care and sessional services

- Three-year-old programs- 5 and up to 15 hours per week
- Four-year-old programs- 15 hours per week (600 hours a year)

Funding rates

- Integrated long day care programs - \$2,050 per child enrolled
- Sessional services - \$2,563 per child enrolled
- Services that offer a Three-Year-Old Kindergarten program of less than 15 hours, will receive a pro-rata amount.

OPT IN/OUT

- Services are able to OPT IN and OUT

Further Information:

- DE- [Free kinder guidelines for services 2023](#)
- ELAA [FAQ's](#)

Kindergarten funding

Per capita &
Free Kinder

Ratio
Supplement

Kindergarten
Fee Subsidy
(KFS)

Early Childhood
Teacher
Supplement

School
readiness (SRF)

Early Start
Kindergarten
(ESK)

Early Start
Kindergarten
extension

Second Year of
Funded Four-
Year-Old

Kindergarten
Inclusion
Support (KIS)

Planning for the
future, including
preparing the budget

BudgetWorks V4 Manual

The manual includes:

- an overview of legal and contractual requirements,
- planning the budget,
- implementing the budget, and,
- templates and checklists.





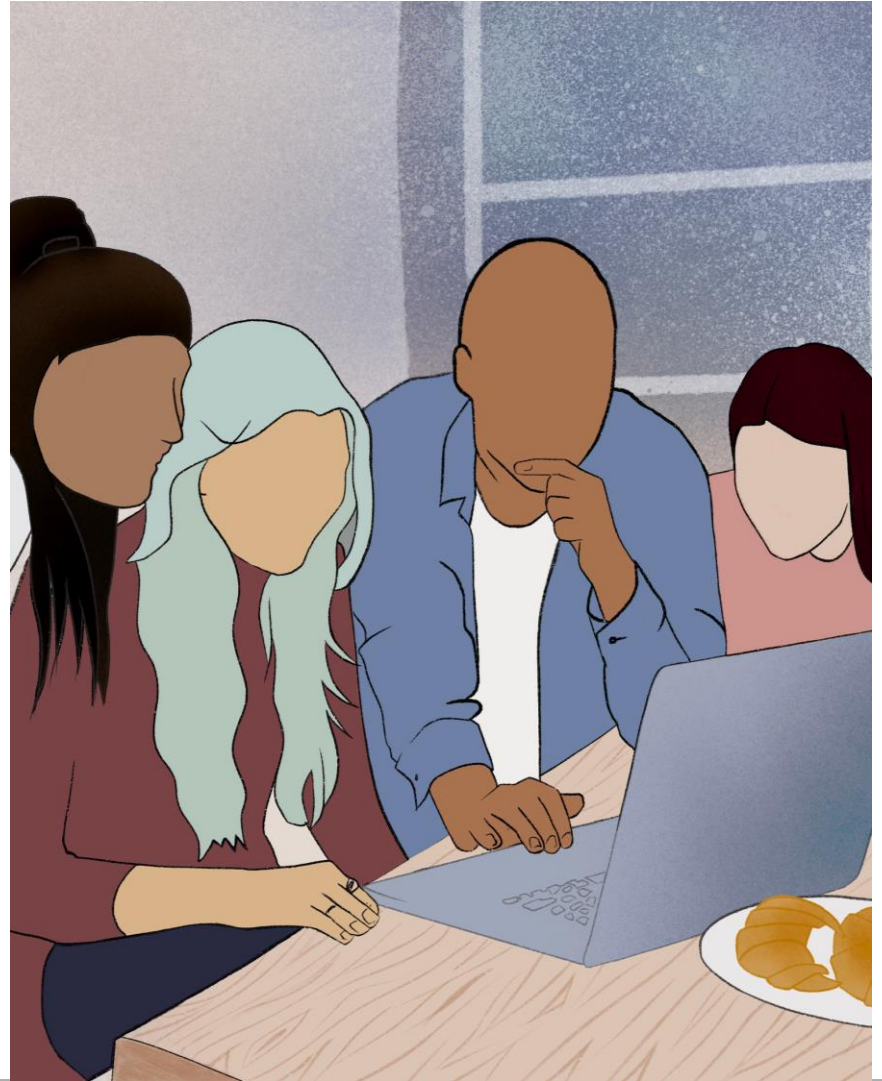
What's Next?

- ☐ Consider forming a Finance Subcommittee
- ☐ Start on the budgeting process for 2025
- ☐ Access BudgetWorks and ModelWorks from ELAA's website

Case Scenario

Discuss:

- Financial impact
- Change required
- Possible strategies



What would you do?

The newly appointed treasurer of a standalone sessional kindergarten located in the western suburbs of Melbourne, has flagged some concerns regarding the current budget position as a recent executive meeting.

The treasurer believes the staffing costs are too high, above budget and are negatively affecting the service.

The treasurer had a meeting with the bookkeeper who informed them, the centre manager and previous president of the committee raised the hourly rate for each staff member including those in contact and non -contact roles. In addition to this , the education team in the 4-year-old kindergarten have an additional hour non-contact time.

The current executive committee have concerns about the centre manager and would like to address the staff overpay as a priority.

Useful links

- **Consumer Affairs** www.consumer.vic.gov.au
- **Australian Charities Not-for-profit Commission** www.acnc.gov.au
- **Institute of Community Directors Australia** www.communitydirectors.com.au
- **Justice Connect Not-for-profit Law Hub** www.nfplaw.org.au
- **Commission for Children and Young People** ccyp.vic.gov.au
- **Victorian Institute of Teaching** www.vit.vic.edu.au
- **WorkSafe VIC** <https://www.worksafe.vic.gov.au/>
- **Department of Education and Training**
www.education.vic.gov.au/childhood/providers/regulations
 Email: licensed.childrens.services@edumail.vic.gov.au
 Phone: 1300 307 415
- **Australian Children's Education and Care Quality Authority (ACECQA)**
www.acecqa.gov.au
- **GST | Australian Taxation Office (ato.gov.au)**
- **Records you need to keep | Australian Taxation Office (ato.gov.au)**
- **Keeping charity records | ACNC**
- **Financial support to study and work in early childhood | vic.gov.au (www.vic.gov.au)**
- **Victorian School Building Authority website.**
- **What is the Role of the Treasurer? - DIY Committee Guide**

Resources available on the ELAA website

Resources available (Free and purchasable)

- ELAA Early Childhood Management Manual
- Recruitment and Onboarding Manual
- Policy Works Manual
- Employee Management and Development Resource
- Managing Performance-Related Concerns
- Budget Works
- Model Works
- Governance videos

For ELAA members

- Industrial bulletins
- Wages bulletins
- Agreements and Awards
- Member Forums
- Pro-rata Annual Leave calculations
- Portable Long Service Leave calculations
- Work history calculations

Free Governance training (Live webinars & Self-Paced)

- Starting from the Beginning – Governance Information
- Starting From The Beginning – Employee Management
- Financial Management
- Employee Management and Development Resource
- Ending The Year On a High – Planning your successful AGM

Consultancy service

HR, IR, Governance, OHS consultants to provide tailored projects and training.

More information



www.elaa.org.au



membersolutions@elaa.org.au



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