

Financial Management

Reference and Key Text

Licensing Criteria 2008, Governance, Management and Administration, Planning and Documentation. Documentation required:

- **GMA8:** *An annual plan identifying 'who,' 'what,' and 'when' in relation to key tasks undertaken each year;*
- **GMA9:** *An annual budget setting out the services estimated revenue and expenses for the year. The budget includes at least: -*
 - *Staffing costs, including leave entitlements,*
 - *Professional development costs,*
 - *Equipment and material costs for the ongoing purchase of new equipment and consumable materials, and*
 - *Provision for operational costs and maintenance of the premises as appropriate.*

The 2 key Principles of financial management of the Queenstown Childcare Centre are that:

- a. There is sufficient income and control over expenditure to ensure the continued viability of the Centre
- b. Income will be maximized and expenditure controlled or minimized in a manner that will ensure the achievement of all of the objectives set.

Financial Management

1. The Management of the Centre will ensure that suitable financial management policies are adopted and implemented that will ensure that policies and objectives of the Centre can be met.
2. Financial management policies will include roll targets; resource priorities; budgeting; cashflow planning; accounting records, data and reports; analysis and monitoring; expenditure/purchasing controls, fee policies and debt collection; reserves, savings and contingency planning; staffing policies; wages and staff and professional development costs; loans, equity, capital, and banking; GST and tax reporting/planning; insurance and risk management; asset and liability management; statutory reporting; strategic planning, records and archives, information technology.
3. Management will give consideration to converting or developing some or all financial policies into written statements that sufficiently and accurately reflects and records their intentions, expectations and the roles required.

Budgeting

4. Following the development of statement of philosophy and strategic plan and /or business plan or other management decisions on the setting of specific targets/objectives and/or strategies, the Management of the Centre will develop an annual budget statement (prior to the beginning of the financial year). This will set out the level and sources of expected income and level and types of expenditure or a statement of budget principles necessary to achieve the stated objectives and policies and maintain the continued viability of the Centre operation.
5. The budget development process will be used by management to;-
 - provide a format of planning and balancing priorities; and
 - express intentions of future expenditure decisions; and
 - provide a list of priorities or principles for discretionary spending; and
 - project the individual and overall impact of financial and other planning decisions; and
 - ensure that income and expenditure allow continued viability of the service.
6. The budget statement will be used by management to;-
 - provide a guide to those responsible for expenditure decisions as to the planned limits; and
 - provide evidence that this type of planning has taken place; and
 - provide a benchmark against which actual income and expenditure can be compared.
7. Management will ensure that there are systems in place that provide suitable information on past and expected financial transactions that enables them to compare actual expenditure to the planned expenditure in the budget statement, or the statement of budget principles on a regular (no less than 4 times a year) basis.
8. Management will undertake sufficient analysis of the financial information (actual and budgets) such that they are able to determine and understand the cause of any significant variation in expectation and to, as necessary, restate objectives and limits and take other such action that will ensure the key principles are attained and that future forecasting will be more accurate.
9. Management will ensure that the budget statement is supplemented or replaced by a revised budget statement or projection, if during the financial period of the original budget statement, there are significant changes to either projected income or expenditure; so that the remaining part of the financial period is viewed in terms of a realistic budget.
10. Management will ensure that where any capital expenditure/investment is planned that such expenditure is contingent on achievement of financial surplus (or met by loans or grants) and that where there is more than one item; that commitments on such expenditure are made, in order of a priority set by management, and to the limits provided by the budget or any such lower limit as may be allowed if the budget net income result is less than **expected**.

Statutory Source: Statement of Desirable Objectives and Practices 1996
Clause: 11(c)

Responsibility for Policy review: Manager
Who will be consulted: Committee, Parents/Whanau, Staff
Scheduled review: once every 2 years
Reviewed 2002
Reviewed Nov. 2005
Reviewed Nov 2007
Reviewed Nov 2008
Reviewed July 2010

Next review date: July 2012