



## Purpose

Playcentre Aotearoa, being a charitable organisation with volunteer membership, a government funded education provider, and a significant asset owner, is committed to maintaining sound financial accounting and management practices across all our Centres and our legal entities for the express purpose for which we operate and receive funds – the provision of early childhood and adult education. We do this for the benefit of our members and New Zealand public, and to ensure our long-term financial viability

Everyone at Playcentre Aotearoa with Centre, Regional and National financial related responsibilities and accountabilities will work jointly on this commitment. We will have procedures and practices to support us to manage our Playcentre finances responsibly.

The purpose of this policy is to:

- To ensure prudent stewardship of all Playcentre Aotearoa monies
- To be clear of the importance of sound financial management practices and our shared responsibilities
- Comply with required education and early childhood service regulations, tax regulations and other applicable legislation

Playcentre Aotearoa operates with the mutual respect of a Centre's financial autonomy and Playcentre Aotearoa's responsibilities to the Ministry of Education as the license holder.

## Our financial responsibility holders

**Trustee Board** is accountable for ensuring Playcentre Aotearoa operates within a secure, responsible, sustainable financial framework and that we have adequate financial reserves to carry out our work and secure funds generating interest income. The Board avoids taking operational financial responsibility and does not have access to Playcentre bank accounts.

**General Manager** has the delegated responsibility from the Trustee Board and accountability back to the Trustee Board for financial matters.

On behalf of the General Manager, the **Chief Financial Officer** role has the operational

financial responsibility to ensure that Playcentre Aotearoa is meeting statutory, legislative and funding requirements. This is done by ensuring sound accounting practices and core systems at a national framework level and guiding Centres on their financial responsibilities within that framework.

**Centres and Centre Treasurers.** Each of our Centres are responsible for the sound financial management of their Centre's monies, assets and resources.

Every Centre will have designated a person or people to fulfil the role of a Treasurer and be responsible for the clear and accurate keeping of all funding, financial systems and records. The Treasurer is a member of and reports to the Centre Committee or equivalent regularly on Centre financial matters.

The Treasurer's responsibilities include the day to day financial management at their Centre, including the handling of all monies



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going through the Centre, preparing and managing their Centre's Annual Budget to reflect the agreed decisions and intentions of the Centre, and reporting requirements as directed by the Chief Financial Officer or delegate, charity or grant requirement. Where some or all of the above responsibilities have been outsourced to a paid book-keeper, the Treasurer will still hold oversight responsibilities.

We encourage “**whistleblowing**” and will treat such concerns raised in confidence within our Complaint Resolution (including Protected Disclosure) policy and procedures.

In the event that anyone has any concerns or suspicion of serious wrongdoing (including poor financial management, theft or inappropriate behaviour relating to Playcentre financial matters such as not fulfilling our financial management undertakings stated within this policy) - they are encouraged to raise their concerns as soon as possible to an appropriate Playcentre position of authority, which if not otherwise implicated may be the Finance Manager or a Regional Manager.

The Finance Manager retains the right to freeze or suspend any Playcentre or entity bank account within the Playcentre Aotearoa Group where reasonable suspicion of Fraud is determined, for the duration of investigation.

**All of us.** Every member of Playcentre Aotearoa is responsible for our financial soundness.

## Our financial management undertakings

**Shared responsibility.** To be clear, responsibility for the financial running of any Centre rests with the whole Centre and is not

the responsibility of the Treasurer alone. This is reiterated at National, Regional and Governance levels, and is not the responsibility of the Chief Financial Officer alone.

**Appropriate use of funds.** We receive government funding, public and member donations and other forms of Playcentre directed income and we apply these Playcentre monies solely for the benefit and purpose of Playcentre.

**Accountability.** We keep proper accounts and records of Playcentre related transactions and affairs. We are accountable for operating our organisation in a manner that is socially, economically and environmentally sustainable.

**Value for money.** We make prudent decisions in prioritising areas of spend and delivering best possible outcomes for the spend made. We secure goods and services of appropriate quality, on economically favourable terms, and in a timely and efficient manner. We will use our resources effectively and without waste.

**Controlled.** We have sound internal controls to manage risk and help ensure effective and efficient use of Playcentre monies and resources. This includes having clear delegations of authority for the approval of expenditure, having a role responsible for the existence of adequate documentation and records, including GST invoices and receipts, and conducting internal and external audits to ensure such controls are in place and adequate.

**Lawful and tax compliant.** We comply with relevant legal requirements and tax legislation; GST, PAYE and FBT and the Withholding Tax Regulations.





## Our financial management systems

We fulfil our financial responsibilities in accordance to our financial undertakings with the support of -

- **Guiding policy and nationally defined procedures** relating to accounting practices and record-keeping, property management and maintenance, codes of conduct and the raising and resolution of conduct breaches.
- The **compliance requirements** of being an Early Childhood Education provider and other legislative requirements which includes having an annual plan to guide expenditure and information available regarding fees and funding.
- An **Annual Budgeting process** in Centres, and nationally to guide financial expenditure and demonstrate, both at each Centre level and collectively as an organisation, our ability to continue to meet regulatory standards and criteria and afford the financial costs of providing a quality licensed ECE service. An annual budget sets out a Centre's estimated revenue and expenses for the year and includes
  - equipment and material costs for the ongoing purchase of new equipment and consumable materials; and
  - staffing costs, including leave entitlements;
  - professional development costs;
  - provision for operational costs (such as electricity, telephone, food purchases, and other day to day items) and maintenance of the Centre's property and equipment as appropriate.
- **Defined delegations and responsibilities** for financial decision-making is overseen at a national and regional level by the

Chief Financial Officer and approved by the Trustee Board. Centres are encouraged to determine local levels of delegation and responsibility and to annually review.

- **Required participation on a centralised financial accounting system** for Centres

## Centre determined financial management practices

Every Centre establishes locally determined financial practices as they relate to

- o fee setting, consideration and donation guidance
- o approvals and limits for spending and withdrawals
- o reimbursement rules and process, avoiding self-authorising own reimbursement
- o investment decisions as they relate to term deposits

(hereon referred to as Xero) whereby "Advisor, Manage User" access is at all times held by the Chief Financial Officer and delegates. This access is required for the purposes of annual consolidation and preparation of Group accounts, audit purposes both internal and external, and in order to investigate and to provide support as needed.

- **Maintenance of adequate financial operating reserves** is required of all Centres and Playcentre entities and for Treasurers or equivalent to report accordingly if such reserves have been depleted. Adequate financial reserves are deemed to be of an amount to maintain ongoing operations and programmes for a period of approximately four months between bulk funding rounds in the event of no other income being received.





## Our bank account and cash handling rules

In order to ensure sound and prudent cash handling management and limit any risk or concern of risk, all Centres and appointed bank account holders must ensure -

1. All bank accounts are linked to Xero "Bank Feeds" for central visibility. No bank accounts are not linked.
2. All bank accounts are reconciled monthly.
3. A monthly financial report is presented by Treasurer or equivalent at Centre business meetings and similarly by Chief Financial Officer to General Manager for sharing with the Trustee Board.
4. All bank accounts have two authorisers. Authorisers take responsibility to review payments carefully and diligently prior to approving.
5. All accounting records, including invoices, are kept for seven years as hardcopy or scanned, and attached within Xero.

Additionally, it is recommended -

6. Petty cash, gift vouchers and other cash equivalents held in Playcentre environments are securely held, limited to an amount determined annually by the Centre, and appropriately accounted for.
7. Cash withdrawals from any Playcentre related bank accounts are made only when other payment options do not exist. They should be pre-approved, within limits as determined annually by each Centre, and appropriately accounted for.
8. All bank accounts have strict daily limits set as determined annually by each Centre.
9. Where payment is to a Centre member, that Centre member is not one of the two authorisers necessary.

10. Bank accounts have more than two and up to four approved authorisers to allow for cover in the event of any authoriser being unavailable.

11. Any use of credit and debit cards be phased out and, if used, be subject to pre-approval with all supporting receipts maintained.

## Our investment practices

Playcentre Aotearoa will make good ethically sound decisions with any investment funds ensuring Playcentre can meet future needs and gain suitable returns without undue risk.

Any Centres planning to establish investment portfolios outside of bank institutions will inform and seek advice from the Chief Financial Officer prior to establishing the investment, so to ensure visibility and support access, and may require approval from Trustee Board.

The Trustee Board will have oversight of any centrally managed Playcentre Aotearoa investment portfolios.

## Setting funding, fees and levies

Playcentre Aotearoa seeks primary funding from the Ministry of Education. We advocate on behalf of the combined interests of Playcentre Aotearoa at a national level in all



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funding negotiations with Ministry of Education for the best outcome for all of Playcentre Aotearoa.

Each Centre is responsible for providing information requested by the Chief Financial Officer and delegates for the purposes of returning correct and complete returns to Ministry of Education for their funding types in line with the deadlines set out. All funding will be paid by Ministry of Education into a nominated National bank account for redistribution to Centres after deductions are made for advances held and levies.

**Centres pay a National levy** for Playcentre Aotearoa to cover operating costs and overheads relating to the day to day Centre support activities, adult education, investment in technology and telecommunication, regulatory requirements and the management of Playcentre's property portfolio.

This levy is recommended annually by the Trustee Board for approval at Conference, and is based on the annual Playcentre Aotearoa budget and financial status. It considers bulk funding and other funding incomes provided by Ministry of Education. The intent of the levy is not for the purposes of building a surplus of funds or for Playcentre Aotearoa to operate at a loss.

**Centres set a fee structure or provide donation guidance** according to what each Centre considers an appropriate contribution model for their Centre.

When Centres opt for a fees model the Centre will endeavour to keep fees low to allow high participation of Playcentre Aotearoa whānau and reduce cost barriers to entry. Centres who access other funding

types such as 20 hours ECE will take these requirements into account when setting fees.

If a Centre chooses to request a donation from whānau, this must meet the definition of a donation and, as such, whānau are not obligated to donate.

**Centres apply for Grants** through application to external funding organisations and Community Trusts to assist in the costs of playground redevelopment, building works, general supplies and other operating costs.

Any Grants applied for must not already be covered by National Levies or other funds received. Centres making individual Grant request directly to a Grantor are required to maintain and use their own Charities number. Centres are responsible for providing all documentation required to verify Grant or funding use.

Playcentre Aotearoa has a National Charities number for Grant application use where this is required by the Funder and have a co-ordinated approach in its use and on behalf of Centres in order to achieve the best outcomes for Playcentre. A Centre or any part of Playcentre wishing to use the Group or National Charities number for a Grant application must do so as part of a Group application and provide relevant documentation requested.

**Other fundraising and funding options.**

Centres have a wide range of other funding options to consider including and not limited to local fundraising activities and campaigns.

Playcentre Aotearoa also considers applications for additional Centre funding by Playcentre Aotearoa's in exceptional circumstances.





## Reimbursement of expenditure from national funds

In fulfilment of legislative requirements, tax compliance, sound operations, and good stewardship of Playcentre funds, all expenditure made on behalf of or sought for reimbursement from Playcentre Aotearoa budgets held regionally or nationally must ensure -

1. Clear links between expenses incurred for reimbursement and the fulfilment of the business of Playcentre Aotearoa.
2. Appropriate use of Playcentre Aotearoa funds at all times.
3. Consideration of the most cost-effective means of fulfilling our Playcentre roles, for example when incurring expenses for meeting and travelling we consider tele-conferencing, carpooling and shared accommodation.
4. Adherence to the related travel procedure including prior approvals, reimbursable rates, correct documentation and records being in place (such as GST receipts, approval evidence and travel logs) and timeliness of claim.
5. Any personal vehicles used for Playcentre purposes are to be roadworthy, registered, and warranted, and operated in a licensed, legal, and safe manner.

Examples of what expenditure may be reimbursable when spent for the purposes of fulfilling Playcentre duties or requirements include:

- Playcentre related travel expenses beyond a person's normal Playcentre environment but not including travel to and from a person's normal Playcentre environment and home
- Where a person works regularly at a number of Centres, Playcentre related travel expenses incurred for mileage or travel on public or hired transport for distances travelled may be claimed with the starting distance threshold determined from time to time by the Trustee Board and based on available funds
- Koha or donations made when representing Playcentre Aotearoa at a powhiri provided they are pre-approved
- Accommodation expenses when away on Playcentre duties overnight provided they are pre-approved

## Entertainment and Event spending

Any expenditure relating to entertainment or hosting or running a Playcentre event and is incurred by or sought for reimbursement from Playcentre must be clearly linked to the business of Playcentre and preferably be pre-approved. It must demonstrate reasonable and appropriate spend for the transparent purposes of building relationships and goodwill.

Examples of such expenditure may relate to providing hospitality to external parties in the course of Playcentre business, running Centre events, celebrating building openings, and funding internal social functions.

## Procurement of goods and services

Centres are not legal entities on their own and therefore are required to exercise care and due consultation when contracting services. All property-related contracts



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(regardless whether a one-off expenditure or over the lifetime of a contract) require approval at Regional level and potentially National level to ensure the project meets the legislative, compliance and health and safety requirements of the greater organisation.

Where preferred suppliers have been determined at a national or regional level these should be considered.

Any conflicts of interest due to family or friend relationships in the procurement of goods and services (see our Code of Conduct policy) must be disclosed prior to incurring costs and the purchase reviewed for CE impartially.

## Acceptance of gifts, benefits and gratuities

Playcentre people will not abuse their position for personal gain. We will not solicit or accept gifts, rewards or benefits which might compromise our integrity and the integrity of Playcentre Aotearoa

As a general rule, role-holders should not accept a gift (whatever its nature or value) if the gift could be seen by others as either an inducement or a reward which might place the person under an obligation to a third party. The New Zealand Public Service Code will guide us.

Policy details	Regulatory references	Other related references
<ul style="list-style-type: none"><li>• Policy issued: 7 December 2021</li><li>• Policy owner: <i>Chief Financial Officer</i></li><li>• Policy approver: Chief Executive</li><li>• Scheduled review date: <i>June 2023 and thereafter bi-annually</i></li></ul>	<ul style="list-style-type: none"><li>• Education (Early Childhood Services) Regulations 2008 No. 47, Criteria GMA 8, GMA 9</li><li>• IRD legislation</li><li>• Education Act 2020.</li><li>• Charities Act 2005</li><li>• Incorporated Societies Act 1908</li><li>• Financial Reporting Act 2013</li><li>• Early Childhood Funding Handbook</li></ul>	<ul style="list-style-type: none"><li>• Property and Equipment Policy and related procedures</li><li>• Code of Conduct</li><li>• Delegation of Authority</li><li>• Complaints Resolution Procedure</li><li>• Annually released finance pack or instructions</li><li>• New Zealand Public Service Code</li></ul>

