

# How will finances be managed?

## Background

The changes to Playcentre Aotearoa detailed in *Ki te pae tawhiti* naturally have an effect on how things are managed moving forward. This paper sets out how we envision them working and is provided to assist the consultation over and decision making on the adoption of the proposed new Deed of Charitable Trust.

This paper does not set out the rationale for the core changes under *Ki te pae tawhiti* as these have been presented separately.

Playcentre Aotearoa Equity Funding (PAEF) means that funds from successful and profitable areas of the organisation are used to support areas that are not currently financially viable.

This paper is designed to support consultation and prompt further kōrero to lead to a National Finance Operational Policy alongside the Rules Kapa Mahi.

Playcentre Aotearoa has specialist legal and tax advisors providing guidance on all aspects of this process.

## Objectives

The objectives of the new financial management methodology are:

- To remove administration burden from centres
- To meet best practice requirements of financial management commensurate with a national organisation of our size and profile
- Manage risk and meet all compliance and regulatory requirements
- Enable equitable distribution of Playcentre Aotearoa funds to ensure that there are centres across the motu
- Recognise the hard mahi, commitment and engagement of volunteers at different levels in different centres and accounts for their local fundraising
- Recognise that Playcentre Aotearoa is responsible for all revenue, expenditure, assets and liabilities which includes building maintenance/upgrades, licensing requirements and operational costs
- Support the achievement of the charitable purpose of Playcentre Aotearoa

## Centre Treasurer Role

The Centre Treasurer role will no longer be required as the administration and compliance tasks under that role will be managed by the Centre Kaimahi and the National Finance Team.

Anyone at centre who wishes to be involved in the finance process or to take the opportunity to learn about finance administration will be most welcome to volunteer to work alongside the Centre Kaimahi and National Finance Team. The details of how this will work in practice will vary dependent

upon circumstances and what the volunteer would like to contribute to and benefit from the process.

The level of volunteering can range from full involvement at every level to limited involvement in identified tasks. As an organisation committed to co-operative participation from volunteers, we will do everything possible to engage volunteers.

We will also make references available to confirm work experience that may be helpful for other career options for volunteers.

## **Bank Accounts**

There will no longer be a need for local bank accounts as all revenue the centre creates will go into the Playcentre Aotearoa account and be managed through that account. This means that the administration relating to changes to bank signatories and online banking approvals will be removed from centres.

## **Budget Process**

Each year, the Centre Kaimahi will run the budget process with the National Finance Team. The key elements of the process are intended to be as follows:

- The known operational costs will automatically be included in the budget template provided by the National Finance Team
  - This will take into account centres operating at different levels of sessions and enrolments
- The Centre Whānau Community, with support from their Centre Kaimahi will decide, via their annual/strategic plan, what else they would like or need to spend money on
- This is then added into the budget template by the Centre Kaimahi and submitted to the National Finance Team
- This budget is then moderated through the national budget process, consolidated into the national budget approved by the Board and reported back to the centre
- The outcome will be one of:
  - Budget approved as submitted
  - Operational costs covered but not all additional items covered
    - In the event of this outcome, a rationale will be provided with an appeal process made available

## **Playcentre Aotearoa Equity Funding**

The principle of equity funding will apply to the overall distribution of Playcentre Aotearoa revenue and funds to ensure that there are viable centres across the motu.

A process will be developed to ensure that this happens but also recognises that centres who make larger contributions to Playcentre Aotearoa revenue, for example by running multiple sessions with high enrolments, will have that effort recognised in the budget process.

In practice this means that the financial contributions that centres make will be a factor in the budget moderation process to balance the equity funding with that local hard mahi. For example, this would mean that special projects for centres making larger contributions will be given additional weighting in the moderation process.

It is anticipated that this process will be refined over time through experience and changing circumstances.

## **Local fundraising**

All centres are actively encouraged to be involved in local fundraising. This is an important part of the centre profile in the local community. There will be a national resource available to help with grant applications. The Centre Kaimahi will support the Centre Whānau Community with their fundraising plan and implementation.

All funds raised via local fundraising will be tagged for the local centre for the purpose of that fundraising.

Centres will be provided with reports on their tagged fundraising on a monthly basis.

## **Day to Day Financial Management**

The Centre Kaimahi will manage all the day to day financial management for the centre in conjunction with the National Finance Team.

Centres will be able to choose the level they manage their local service arrangements within their budget supported by the Centre Kaimahi.

## **Transitional Arrangements**

By agreement of the local centre operating as a branch of Playcentre Aotearoa under the new Deed of Trust, funds held by local centres will be transferred by local centres to the Playcentre Aotearoa bank account and tagged to each centre.

A process will be developed to enable equity funding to be applied to all existing funds. The key elements of this process are expected to be:

- Establishing the baseline cost of each centre with a contingency element
- Identifying excess funds above the baseline
- Working with each centre to establish a plan for what those funds could reasonably be used for over the next year
- Tag the funds and implement the plan
- Absorb the balance into Playcentre Aotearoa general funds to support future equity funding