

Treasurer's Report

Audited Financial Statements:

The Financial Audit for 2021 has been delivered.

Additions to audits from previous years were the inclusion of a statement of changes in equity, a statement of cash flows and, as an annexure, separate trading statements for the 5 business units, to provide additional information on their individual performance.

There was a \$5k deficit in the 2021 accounts, which is broken down as follows:

- \$4.9k Fundraising profit
- \$7.3k Band profit
- \$21.9k BASC profit
- \$40k Uniform Shop profit
- (\$14.9k) Canteen deficit
- (\$64.2k) General P&C deficit

The NSW lockdown in Term 3 and part of Term 4 had a major impact on some of the Business Units, in particular BASC and Canteen.

The fact that BASC still showed a profit can be explained by a change in the treatment of the capital cost of future projects (e.g. BASC's share of the planned amphitheatre shade). Previously, the cost of these projects was shown as an expense item in the year they were approved. The P&C has now moved to a recognition basis where costs are only recognised in the year the projects commence. This one-off change resulted in an extraordinary cost writeback (profit) of \$46k.

The General P&C deficit can be attributed to an increase in wages, as a result of the recently undertaken Governance Project (more on this below).

Donations to the School:

In 2021, the P&C donated \$80k to the school, which has been or will be used for the following:

- \$40k - computers and interactive whiteboards - Completed
- \$40k - initially allocated to install air conditioning in classrooms - this project has been delayed, the school will put funds towards other areas.

Grant Update:

The P&C secured two grants to mitigate the income loss caused by the NSW lockdown; NSW Business Grant and JobSaver.

- NSW Business Grant was a one off payment of \$10.5k allocated fully to BASC, which had the biggest shortfall as a result of the lockdown.
- JobSaver: the P&C received fortnightly JobSaver payments by the government, for

the period commencing 18/07/21 until 26/09/21, of which 86.63% were allocated to BASC (allocation based on a percentage of total P&C salaries in June), and the rest to Canteen.

There was an underpayment of JobSaver, which hasn't been rectified to date and hasn't been factored into the 2021 accounts. Should the Government action an adjustment, the P&C could receive a further ~\$68K.

Governance Review:

At the 2021 AGM , an initial Governance Review was presented to P&C members, who voted in favour of its implementation.

The P&C subsequently created a paid Finance Manager role to undertake a more in-depth analysis of its accounting and financial management systems.

Three areas of focus were identified: to create a Single Chart of Accounts (using a single accounting software system and file), to implement Accrual Accounting and to review the BASC Payroll framework.

Until now, the P&C had been running on 5 different company files in MYOB, with differing Charts of Accounts. Financial data for the organisation was only amalgamated at audit time. The below milestones have been delivered:

1. Single Chart of Accounts using single accounting software and file

- New Chart of Accounts developed using ACNC/ATO recommended standard.
- 5 old charts of accounts mapped to single new Chart of Accounts
- New MYOB company file developed and implemented.
- Additional MYOB functionality to be used:
 - i. Bank sync to expedite reconciliation process
 - ii. Pay Super to expedite superannuation payment process

2. Accrual Accounting System

- As of 1 Jan 2022, the P&C moved to an accrual-based accounting system.
- GST reporting will continue on a cash-basis, standard practice.

3. Update of BASC Payroll Framework

- During the build process of the new MYOB file, the complexity in administering and programming the existing BASC payroll framework came to light. The current payroll system was reviewed, in line with the childcare services award, MYOB functionality and best practice.
- The new framework, which will substantially simplify payroll administration, will be implemented in 2022.

Both the Finance Manager and Bookkeeping / Payroll salaries increased by almost 50% compared to budget, due to the complexity in developing, testing and implementing above

priorities. Part of this extra cost (\$20k) was approved in the Term 3 General Meeting. The additional cost was related to greater than expected time simplifying and testing the new system.

It was however time to invest in change. The P&C had grown in turnover by more than 30% in 3 yrs. Internal supporting systems had not grown sufficiently to respond to this. There was a need to improve efficiency and reduce running costs. The organisation is now in a healthier position going forward.

Audit Tender:

The P&C hadn't put their audit out to tender in a long time. It is Best Practice to reevaluate such arrangements regularly.

In October 2021, the Treasurer invited 4 firms to apply for the P&C's Audit; its current service provider Gerard Hughes, as well as 3 other well-established auditors in the NFP sector, who have all dealt with P&Cs of a larger size in the past.

Of the 4 firms invited, three submitted their tender. The P&C wishes to recommend Walter Allan Hall as their auditor for 2022. Walter Allan Hall is the current auditor for Harbord PS P&C, who share a similar structure to MWPC; they are a larger ACNC-classified organisation, and manage their own BASC.

Staffing:

Despite the NSW lockdown, the P&C was able to retain its permanent staff at full pay.

Casual staff was kept on, but the P&C were only able to offer limited or, in some cases, no shifts. Some casual staff were able to claim the COVID disaster payment from the government.