

GOVERNANCE AND MANAGEMENT OF A SERVICE

QUALITY AREA 7 – GOVERNANCE AND LEADERSHIP

PURPOSE

This policy outlines the duties, roles and responsibilities of the Board and Executive Management of Sparkways.

POLICY STATEMENT

GUIDING PRINCIPLES

Sparkways is committed to good governance and management to deliver high quality Early Childhood Education and Care to children and families:

- robust and effective governance and management policies and procedures
- accountability to its stakeholders
- effective systems of risk management, financial and internal control, and performance reporting
- compliance with all regulatory and legislative requirements placed on the organisation, including space, equipment and facilities, confidentiality of records and notifications and reporting
- the organisation to remain solvent and comply with all its financial obligations.
- the ongoing cycle of self-assessment, planning and review, embedding a culture of quality improvement

SCOPE

This policy applies to the Board and Executive Management of Sparkways.



RESPONSIBILITIES

	Approved provider and persons with management or control	Nominated supervisor and persons in day-to-day charge	Early childhood teacher, educators and all other staff	Parents/guardians	Contractors, volunteers and students
R indicates legislation requirement, and should not be deleted					
Ensuring that obligations under the <i>Education and Care Services National Law and National Regulations</i> are met, as well as all other laws relevant to governance and management of the service	R	√			
Appointing Persons with Management or Control (PMC) in accordance with the Early Childhood Education and Care National Law and Regulations, and the Family Assistance Law Child Care Subsidy Scheme requirements	R				
Ensuring Persons with Management or Control (PMC) are aware of their obligations under the Early Childhood Education and Care National Law and Regulations, and the Family Assistance Law Child Care Subsidy Scheme requirements (<i>refer attachment 2</i>)	R				
Providing information to the regulatory authority upon request in relation to Persons with Management or Control (PMC) being fit and proper persons (<i>National Law: Sections 13, 14, 21</i>)	R				
Displaying the prescribed information in <i>National Law: Section 172 (Regulation 173)</i>	R	√			
Ensuring that the service is insured and keeping evidence of this (<i>National Law: Section 51; Regulations 29, 180</i>)	R				
Ensuring that the number of children at the service does not exceed the maximum in the service approval (<i>National Law: Section 51</i>)	R	√			
Ensuring that the family of a child at the service is allowed to enter the premises (<i>Regulation 157</i>)	R	√			
Adopting quality governance and management processes, procedures and practices, in line with the <i>National Quality Standard</i> , especially Quality Area 7 – Governance and leadership	R	√			
Establishing systems of risk management, financial and internal control, and performance reporting. Monitor management and financial performance to ensure the solvency, financial strength and good performance of the service	R	√			
Developing, reviewing and approving the strategic direction, purpose and initiatives, and overarching philosophy	R				
Developing, reviewing and approving the service philosophy	R	√			
Taking reasonable steps to ensure that nominated supervisors, educators, staff and volunteers follow the <i>Governance and Management policy</i> and procedures	R				
Ensuring that copies of the policy and procedures are available and readily accessible to nominated supervisors, co-ordinators, educators, staff, volunteers and families	R				

Notifying families at least 14 days before changing policies or procedures if the changes will: <ul style="list-style-type: none"> • affect the fees charged or the way they are collected or • significantly impact the service’s education and care of children or • significantly impact the family’s ability to utilise the service. 	R				
Notifications and reporting					
Ensuring that all reporting and reporting requirements are met regarding the <i>National Quality Framework</i> , family assistance, taxation, child protection, and other relevant laws	R	√			
Notifying the regulatory authority about the approved provider and operational changes, and changes in relation to the nominated supervisor, as detailed in <i>National Law: Section 173 (Regulations 174, 174A)</i>	R	√			
Notifying the regulatory authority about changes to the ‘fit and proper’ status of the approved provider Persons with Management or Control, any serious incidents, and complaints relating to a serious incident or that the Law has been contravened (<i>National Law: section 174; Regulations 175, 176, 176A</i>)	R	√			
Health, safety and wellbeing					
Ensuring the health, safety and wellbeing of children in the service and take every reasonable precaution to protect children from harm and hazard (<i>National Law: Section 51</i>)	R	√	√		√
Quality Improvement Plan (QIP)					
Ensuring there is an effective self-assessment and quality improvement process in place, including a QIP (<i>refer to Definitions</i>) that is kept at the premises or and is made available for inspection and to families (<i>Regulations 31, 55</i>)	R	√	√		
Ensuring that the QIP (<i>refer to Definitions</i>) is reviewed at least annually (<i>Regulation 56</i>)	R	√	√		
Space, equipment, facilities					
Ensuring that requirements relating to the physical environment, space, equipment and facilities are met, including <i>Regulations 104, 106, 107, 108, 109, 110, 116, 117</i>	R	√	√		√
Educational needs and program					
Ensuring that children’s educational and developmental needs are met (<i>National Law: Section 51</i>)	R	√	√		
Early childhood teachers, educators and staff					
Ensuring that requirements relating to staffing are met, including implementing the <i>Staffing policy</i> and procedures (<i>Regulation 84</i>)	R	√			
Ensuring that roles and responsibilities are clearly defined, understood, and support effective decision making and operation of the service	R	√			
Ensuring that the performance of educators, staff and co-ordinators is regularly evaluated, and individual plans are in place to support learning and development	R	√			

Ensuring that a nominated supervisor, educators, staff, volunteers and contractors to whom a prohibition notice applies are not engaged by the service (<i>National Law: Section 188</i>)	R				
Ensuring the educational leader is supported to lead the development and implementation of the educational program and assessment and planning cycle	R	√			
Nominated supervisors and responsible person					
Ensuring that requirements relating to the nominated supervisor and responsible person are met, including implementing the <i>Staffing policy</i> and procedures (<i>National Law: Section 162, 162A; Regulation 117B</i>)	R				
Records and confidentiality					
Keeping a record of the service’s compliance with the information listed in <i>Regulation 167</i>	R	√			
Keeping a record of enrolment and other documents listed in <i>National Law: Section 175</i> at the service and be available for inspection by an authorised officer	R	√			
Ensuring that records are kept confidential and not divulged except as permitted under <i>Regulations 181 and 182</i>	R	√			
Ensuring that records are stored safely and securely for the period set out in <i>Regulation 183</i>	R	√			
Keeping enrolment and attendance records (<i>Regulations 158, 159, 160, 161, 162</i>) and other documents listed in <i>Regulations 160, 177 and 178</i> , ensure they are accurate and available to families on request (<i>National Law: section 175</i>). If a service approval is transferred, the documents must be transferred to the receiving approved provider (<i>Regulation 184</i>).	R	√			



BACKGROUND AND LEGISLATION

BACKGROUND

The governance of an organisation is concerned with the systems and processes that ensure the overall direction, effectiveness, supervision and accountability of a service. Approved providers must ensure that there are effective systems, procedures and processes in place to support the service to operate effectively and ethically, and all legal and regulatory requirements governing the operation of the business are met.

Under the *Education and Care Services National Law Act 2010 and Education and Care Services National Regulations 2011*, early childhood services are required to have policies and procedures in place relating to the governance and management of the service, including confidentiality of records (*refer to Privacy and Confidentiality Policy*).

LEGISLATION AND STANDARDS

Relevant legislation and standards include but are not limited to:

- Corporations Act 2001
- Education and Care Services National Law Act 2010
- Education and Care Services National Regulations 2011

- Family Assistance Act 1999
- National Quality Standard, Quality Area 7: Governance and Leadership

The most current amendments to listed legislation can be found at:

Victorian Legislation – Victorian Law Today: www.legislation.vic.gov.au
 Commonwealth Legislation – Federal Register of Legislation: www.legislation.gov.au



DEFINITIONS

The terms defined in this section relate specifically to this policy. For regularly used terms e.g. Approved provider, Nominated supervisor, Notifiable complaints, Serious incidents, Duty of care, etc. refer to the Definitions file of the Sparkways policy catalogue.

Actual conflict of interest: One where there is a real conflict between a Board member’s responsibilities and their private interests.

Conflict of interest: An interest that may affect, or may appear reasonably likely to affect, the judgement or conduct of a member (or members) of the Board or subcommittee, or may impair their independence or loyalty to the service. A conflict of interest can arise from avoiding personal losses as well as gaining personal advantage, whether financial or otherwise, and may not only involve the member of the Board or subcommittee, but also their relatives, friends or business associates.

Continuous improvement: Ongoing improvement in the provision of quality education and care services. The National Quality Framework aims to raise quality and drive continuous improvement through the National Quality Standard and quality rating processes. Quality rating encourages continuous improvement and engages the approved provider and their services teams in self-assessment and documenting their performance against the National Quality Standard. Providers of high-quality services regularly monitor and review their performance to guide planning and make improvements.

Development of professionals: A system of regular performance review, individual learning and development plans for educators, staff and co-ordinators. Performance planning and review ensures that the knowledge, skills and practices of educators and other staff members are current, and that areas requiring further development are addressed.

Ethical practice: A standard of behaviour that the service deems acceptable in providing their services.

Fit and proper person: The regulatory authority assesses whether a person with management or control of a service is a fit and proper person to be involved in the provision of an education and care service.

In determining whether they are a fit and proper person, the regulatory authority will consider:

- the person’s history of compliance with any education and care services, children’s services or education law, and any decision under one of those laws to refuse, refuse to renew, suspend or cancel a licence, approval, registration or certification issued to the person under that law
- their criminal history, to the extent that it may affect their suitability for the role of provider (including working with children clearance, such as a WWCC, or teacher registration details, jurisdiction dependant)
- whether they are bankrupt or insolvent
- whether they have the financial circumstances to enable them to sustain ongoing operation of a service
- whether they have a medical condition that may cause them to be incapable of being responsible for the service
- whether they have the management capability to operate a service
- actions taken under Commonwealth Family Assistance Law, including sanctions and suspensions

Governance: The process by which organisations are directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, directions and control exercised in the organisation (Australian National Audit Office, 1999).

Interest: Anything that can have an impact on an individual or a group.

Management system: A system to manage organisational risks and enable the effective management and operation of a quality service

Perceived conflict of interest: Arises where a third party could form the view that a Board member's private interests could improperly influence the performance of their duties on the Board, now or in the future.

Person with management or control: The persons who are responsible for managing the delivery of the provider's service(s) or who have significant influence over the activities or delivery of the service. A PMC has the same legal responsibility for the safety, health and wellbeing of children at their service as an approved provider.

A PMC is a person in an executive or management role of an approved provider entity, including a person in a management position, with the authority or responsibility for, or significant influence over, decisions affecting the delivery of children's education and care (such as a state/territory or area manager).

A nominated supervisor, person in day-to-day charge of a service, or a person who holds other operational management roles in a service (such as a centre manager) would not necessarily meet the PMC definition. People holding these roles will only meet the PMC definition if they also participate in executive or financial decision-making or have authority or responsibility for, or significant influence over, the planning, direction or control of the activities or the delivery of the education and care service

A PMC has legal responsibilities under the National Law and Regulations, and the Family Assistance Law for Child Care Subsidy purposes.

In some cases, a provider's PMC will be the same individuals for the National Law and for Child Care Subsidy purposes. However, in some circumstances, a person may be a PMC in relation to the Child Care Subsidy, but not a PMC under the National Law (e.g. Board Directors).

Potential conflict of interest: Arises where a Board member has private interests that could conflict with their responsibilities.

Private interests: Includes not only a Board member's own personal, professional or business interests, but also those of their relatives, friends or business associates

Quality Improvement Plan (QIP): A document created by an approved provider to help self-assess service performance in delivering quality education and care and to plan future improvements.

Regulatory authorities consider the service's QIP as part of the quality assessment and rating process. The QIP does not have to be provided in any specific format, but must include:

1. an assessment of the quality of service practices against the National Quality Standard and the National Regulations
2. identified areas for improvement
3. a statement of the service's philosophy

Service philosophy: A statement the approved provider must develop and include in their QIP that outlines the purpose and principles under which the service operates. It:

- underpins the decisions, policies and daily practices of the service
- reflects a shared understanding of the role of the service among staff, children, families and the community
- guides educators' pedagogy, planning and practice when delivering the educational program



SOURCES AND RELATED POLICIES

SOURCES

- ACECQA – Occasional Paper 5: Quality Area 7: Leadership and management in education and care services [acecqa.gov.au/media/25871](http://www.acecqa.gov.au/media/25871)
- ACECQA – Quality Area 7 resources <https://www.acecqa.gov.au/nqf/national-quality-standard/quality-area-7-governance-and-leadership>
- Australian Government – My business health [asbfeo.gov.au/my-business-health/home](http://www.asbfeo.gov.au/my-business-health/home)
- ELAA Early Childhood Management Manual: <https://ela.org.au/resources/free-resources/eym-governance-support-manual/>
- ELAA EYM Governance Support Manual: <https://ela.org.au/resources/free-resources/eym-governance-support-manual/>
- Justice Connect: <http://www.justiceconnect.org.au/>
- Our Community: www.ourcommunity.com.au

RELATED POLICES

- Code of Conduct
- Compliments and Complaints
- Enrolment and Orientation
- Privacy and Confidentiality
- Staffing



EVALUATION

In order to assess whether the values and purposes of the policy have been achieved, the approved provider will:

- seek feedback from people affected by the policy regarding its effectiveness
- monitor the implementation, compliance, complaints and incidents in relation to this policy
- keep the policy up to date with current legislation, research, policy and best practice
- revise the policy and procedures as part of the service's policy review cycle, or as required
- notifying all stakeholders affected by this policy at least 14 days before making any significant changes to this policy or its procedures, unless a lesser period is necessary due to risk (*Regulation 172 (2)*).



ATTACHMENTS

- Attachment 1: Core elements of the governance model
 - Attachment 2: Persons with Management or Control – National Law and Family Assistance Law
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AUTHORISATION

This policy was confirmed by Sparkways on 20/09/2024.

REVIEW DUE: September 2025

ATTACHMENT 1

CORE ELEMENTS OF THE GOVERNANCE MODEL

The following are the core elements of the governance systems at Sparkways for which the Board is responsible:

Stewardship/custodianship

Ensure:

- the service pursues its stated purpose and remains viable
- budget and financial accountability to enable ongoing viability and making best use of the service's resources
- the service manages risks appropriately

Leadership, forward planning and guidance

Provide leadership, forward planning and guidance to the service, particularly in relation to developing a strategic culture and directions.

Authority, accountability, and control

- Monitor and oversee management including ensuring that good management practices and appropriate checks and balances are in place.
- Be accountable to members of the service.
- Maintain focus, integrity and quality of service.
- Oversee legal functions and responsibilities.
- Declare any actual, potential or perceived conflicts of interest (*refer to Definitions and Attachment 1*)

LEGAL LIABILITIES

The Sparkways' Board is responsible under the constitution to take all reasonable steps to ensure that the laws and regulations relating to the operation of the service are observed. Members of the Board are responsible for ensuring that:

- adequate policies and procedures are in place to comply with the legislative and regulatory requirements placed on the service
- appropriate systems are in place to monitor compliance
- reasonable care and skill is exercised in fulfilling their roles as part of the governing body of the service
- they act honestly, and with due care and diligence
- they do not use information they have access to, by virtue of being on the Board improperly
- they do not use their position on the Board for personal gain or put individual interests ahead of responsibilities

RESPONSIBILITIES

The Board of Sparkways is responsible for:

- developing coherent aims and goals that reflect the interests, values and beliefs of the members and staff, and the stated aims of the service, and have a clear and agreed philosophy which guides business decisions and the work of the Board and staff
- ensuring there is a sound framework of policies and procedures that complies with all legislative and regulatory requirements, and that enables the daily operation of the service to be geared towards the achievement of the service's vision and mission
- establishing clearly defined roles and responsibilities for the CEO, individually and as a collective, management and staff, and clearly articulate the relationship between the Board, CEO and staff

- developing ethical standards and a code of conduct (*refer to Code of Conduct Policy*) which guide actions and decisions in a way that is transparent and consistent with the goals, values and beliefs of the service
- undertaking strategic planning and risk assessment on a regular basis and having appropriate risk management strategies in place to manage risks faced by the service
- ensuring that the actions of and decisions made by the Board and CEO are transparent and will help build confidence among members and stakeholders
- reviewing the organisation's budget and monitoring financial performance and management to ensure the service is solvent at all times, and has good financial strength
- approving annual financial statements and providing required reports to government
- setting and maintaining appropriate delegations and internal controls
- appointing the CEO and monitoring their performance
- evaluating and improving the performance of the CEO
- focusing on the strategic directions of the organisation and avoiding involvement in day-to-day operational decisions

CONFIDENTIALITY

All members of the Board and subcommittees who gain access to confidential, commercially sensitive and other information of a similar nature, whether in the course of their work or otherwise, shall not disclose that information to anyone unless the disclosure of such information is required by law (*refer to Privacy and Confidentiality Policy*).

Members of the Board and subcommittees shall respect the confidentiality of those documents and deliberations at Board or subcommittee meetings, and shall not:

- disclose to anyone the confidential information acquired by virtue of their position on the Board or subcommittee
- use any information so acquired for their personal or financial benefit, or for the benefit of any other person
- permit any unauthorised person to inspect, or have access to, any confidential documents or other information

This obligation, placed on a member of the Board or subcommittee, shall continue even after the individual has completed their term and is no longer on the Board or subcommittee.

The obligation to maintain confidentiality also applies to any person who is invited to any meetings of the Board or subcommittee as an observer or in any other capacity.

ETHICAL PRACTICE

The following principles will provide the ethical framework to guide the delivery of services at Sparkways:

- treating colleagues, parents/guardians, children, suppliers, public and other stakeholders respectfully and professionally at all times
- dealing courteously with those who hold differing opinions
- respecting cultural differences and diversity within the service, and making every effort to encourage and include all children and families in the community
- having an open and transparent relationship with government, supporters and other funders
- operating with honesty and integrity in all work
- being open and transparent in making decisions and undertaking activities, and if that is not possible, explaining why
- working to the standards set under the *National Quality Framework* and all applicable legislation as a minimum, and striving to continually improve the quality of the services delivered to the community
- disclosing conflicts of interest as soon as they arise and effectively managing them
- recognising the support and operational contributions of others in an appropriate manner
- assessing and minimising the adverse impacts of decisions and activities on the natural environment

MANAGING CONFLICTS OF INTEREST

Conflicts of interest, whether actual, potential or perceived (*refer to Definitions*), must be declared by all members of the Board or subcommittee, and managed effectively to ensure integrity and transparency.

Every member of the Board or subcommittee has a continuing responsibility to scrutinise their transactions, external business interests and relationships for potential conflicts and to make such disclosures in a timely manner as they arise.

The following process will be followed to manage any conflicts of interest:

- whenever there is a conflict of interest, as defined in this policy, the member concerned must notify the President of such conflict, as soon as possible after identifying the conflict
- the member who is conflicted must not be present during the meeting of the Board or subcommittee where the matter is being discussed, or participate in any decisions made on that matter. The member concerned must provide the Board or committee with any and all relevant information they possess on the particular matter
- the minutes of the meeting must reflect that the conflict of interest was disclosed and appropriate processes followed to manage the conflict.

A Conflict of interest disclosure statement must be completed by each member of the Board and subcommittee upon his or her appointment and annually thereafter. If the information in this statement changes during the year, the member shall disclose the change to the President, and revise the disclosure statement accordingly.

All violations of the requirement to disclose and manage conflicts shall be dealt with in accordance with the constitution of Sparkways.

ATTACHMENT 2

PERSONS WITH MANAGEMENT OR CONTROL – NATIONAL LAW AND FAMILY ASSISTANCE LAW

Note: Where notification requirements are the same under both Family Assistance Law and National Law, both authorities must be notified separately, i.e. Australian Government Department of Education, and Victorian Department of Education Quality and Regulation Division (QARD).

National Law

Under national law, a PMC is a person who has authority or responsibility for, or significant influence over, the planning, direction or control of the activities or the delivery of an education and care service. This includes people in an executive or management role of an approved provider entity who have such authority, responsibility or influence, such as:

- an officer of a body corporate
- each member of the management committee of an association
- each partner of a partnership
- a person in a management position, with the authority or responsibility for, or significant influence over, decisions affecting the delivery of children's education and care (such as a state/territory or area manager).

In addition to persons who hold executive or management roles within the approved provider entity, a PMC may be a person outside the approved provider entity. For example, a person employed by a third-party management company, or a volunteer. A PMC may also be a person without a formal or contractual role who, by their actions, has significant influence over the planning, direction or control of the activities or the delivery of the service.

All approved providers must have their PMCs approved by the regulatory authority (QARD).

This occurs through lodging a 'PA08 – Notification to a change to information about approved provider' form, in conjunction with a 'PA02 – Declaration of fitness and propriety' form via the National Quality Authority Information Technology System (NQAITS).

PMCs must have individual PRODA accounts, the details of which are required in the NQAITS lodgement.

Sparkways has identified the following positions as PMCs under National Law:

- CEO
- Executive Director of Operations, Early Learning
- Head of Operations, Early Learning
- Area Managers

Family Assistance Law Obligations for the Child Care Subsidy Scheme

All approved providers must have their PMCs identified in the Child Care Subsidy System (CCSS).

PMCs under Family Assistance Law must include:

People listed as a current company officeholder (directors and secretaries) on the ASIC company extract.

Senior managers who have the authority to make executive decisions in relation to the child care service, including:

- chief executive officer
- chief financial officer
- chief counsel/legal officer
- regional manager
- managing director

Majority shareholders if they have decision making authority on behalf of the company.

A person who has significant influence over the company's finances

A receiver, or receiver and manager, of the company's property

An administrator, restructuring practitioner, or liquidator of the company.

A trustee or other person administering an arrangement made between the company and someone else

Any person who performs these roles for a provider is automatically considered a PMC. You cannot choose to omit someone as a PMC if they perform these roles.

Each PMC must:

- have an individual PRODA account
- be linked to the provider in CCSS
- keep their information up to date and correct in CCSS
- notify the department when they join or leave an approved provider or service
- be considered fit and proper by the federal Department of Education
- have all necessary background checks
- provide evidence of background checks to the department when asked

Additionally, Family Assistance Law PMCs with 'active service roles' have a range of notification and reporting obligations and tasks they must perform including fees, vacancies, closures and changes to details – detailed in the table below.

Note: Some of these tasks can and are completed by the Centre Director of the particular service, as the 'person responsible at the service'. These are indicated by an Asterix '*'. For a description of each task, access this [LINK](#):

Absences
Adverse background checks
Buying a service
Change of address
Change of legal entity
Change of name

Changes to a child's foster care or long-term protection order arrangements
Changes to bank account details
Changes to contact details*
Changes to enrolments*
Changes to fit and proper findings
Changes to name or contact details of persons with management or control and persons responsible at the service
Changes to working with children checks
Conflicts of interest
Conflicts of interest related to educator qualifications*
Fees*
Financial administration events*
Initial enrolment of a child*
New persons with management or control and persons responsible at the service
Opening hours*
Planned permanent service closure – must be signed by 2 PMCs
Selling a service – must be signed by 2 PMCs
Serious convictions
Session reports*
Sudden or unexpected permanent service closure – must be signed by 2 PMCs
Sudden or unexpected temporary service closure
Vacancies*
When a person stops having management or control*

Sparkways has identified the following positions as PMCs under Family Assistance Law:

- Directors of the Board
- CEO
- Executive Director of Operations, Early Learning
- Executive Director, Quality, Practice & Programs
- Head of Operations, Early Learning
- Area Manager (of the relevant Centre)