

WAITAKERE COLLEGE

Section D (NAG 4) FINANCE AND PROPERTY

Policy: Financial Management Overview

Date of Review: August 2020

Reviewers: Principal, Executive, Accounts Administrator

Goal

- To apply sound principles of financial management, control and accountability to school finances.
- To ensure that school finances are managed in accordance with the school's strategic and annual plans.

Objectives

To describe the roles and processes used for financial management so that:

- 1 Board members are informed of their governance role in relation to school finances.
- 2 All staff who control and manage budgets are informed, have access to relevant data and are aware of the expectations held of them in relation to their delegated responsibility as financial managers.

Guidelines

• Budget

- 1 The annual budget is prepared by the Executive staff and Accounts Administrator after consultation with budget holders for presentation to the Financial Sub-committee of the Board before final approval by the Board of Trustees.
- 2 The budget cycle begins towards the end of Term 3 and includes:
 - A review of the current year by all budget holders
 - A prediction of the likely bottom line at the end of the current year
 - The approval by the Board of the annual plan for the following year
 - Goal-setting and budget requests from all budget holders in line with the annual plan
 - Development of a draft budget by the Accounts Administrator and Executive team
 - Presentation of the draft budget to the Board Finance Sub-Committee
 - Adjustment of budget expenditure figures if necessary to ensure that it does not exceed anticipated income.
 - Final approval by the Board of Trustees.
 - Confirmation of final budgets to budget holders.

• Financial Management

- 3 The Principal maintains an overview of the school's finances and has delegated responsibility for ongoing supervision of the income and expenditure to the Associate and Deputy Principals. These areas of responsibility are aligned with their roles and are indicated on the budget and in the staff manual.

The Executive Staff (SLT) will:

- a) Run a monthly SLT meeting in response to the monthly accounts budget report produced by the Accounts Administrator and / or financial advisory service.
 - b) Address issues with the account holders as identified by monthly account variances, positive or negative comparisons to the time of the year, with a previous year and forecast analysis.
 - c) Ensure changes to the total forecast budget in an area must be confirmed / ratified by the Board of Trustees Finance Sub-Committee monthly.
 - d) Meet to review the total budget tracking once per term and report the changes to the Board of Trustees finance Sub-committee.
- 4 The Board employs a financial adviser to advise the Board, Executive and Accounts staff on financial management procedures.
 - 5 Staff members such as Heads of Department are identified as budget holders, who manage their budgets under the general oversight of the designated Executive staff member. They are expected to check with the supervisor before spending large sums or where an unanticipated situation arises.
 - 6 All invoices are signed by the budget holder and counter-signed by the Executive supervisor before they are paid out. A one-up signing protocol is required.
 - 7 All cheques must be co-signed by two members of the Executive team, one of whom should be the supervisor responsible for that area of expenditure.
 - 8 Two members of the Executive team, one of whom should be the supervisor responsible for that area of expenditure must:
 - a) Authorise bank transactions using Fastnet.
 - b) Randomly check bank account details back to documentation provided by the creditor on a monthly basis.
 - c) Where possible, Accounts staff maintain separation of duties such as one person initiating the payment (batch) and another completing the initial check of invoice authorisation, bank account details and payment amounts prior to payment batch being submitted for authorisation and payment by two members of the Executive. This does not relinquish the duty of care to be shown by Executive in spot-checking invoices and bank details at time of authorising a payment batch.

The Accounts Administrator will keep all such documentation in a separate file for both management and audit purposes.
 - 9 Monthly reports on income and expenditure are prepared and the Executive team reports on these to the Board Finance Sub-Committee which reports to the full Board. Monthly reports are also supplied to budget holders.
 - 10 All staff are informed of correct procedures to assist with internal financial controls on matters such as day relief costs, the costs of trips (EOTC) and staff travel, the money collection system, the use of order books, photocopying charges and the handling of invoices and reimbursements through the staff manual and procedures on sensitive expenditure such as gifts and entertainment. (Refer to attached guidelines).
 - 11 All financial transactions related to school functions or activities must be included in the Board's financial accounts and reported in with the accounting structure developed for the school.

Theft and Fraud - Refer to Appendix A

Chairperson

Principal

Date

WAITAKERE COLLEGE

Guidelines for Entertainment and Gift Giving and Receiving

To be read in accordance with:

- 1 Financial Management Overview Policy and Procedures
- 2 EOTC Policy and Procedure
- 3 Professional Development Policy and Procedures

The Board agrees that it has a responsibility to ensure that gifts and entertainment expenditure incurred by the College must be clearly linked to the business of the College. However small, each sensitive expenditure decision is important because improper expenditure has the potential to harm the reputation and trust in the school.

Purpose of Entertainment

- 1 Entertainment expenditure in general will be for the following reasons
 - Building relationships and goodwill
 - Representation of the school in a social situation
 - Hospitality provided in the course of school business to external parties
 - Internal social functions
- 2 The purpose of all events and purchases must be transparent and in accordance with school business.
- 3 Any costs incurred must be able to be demonstrated as reasonable and appropriate.

School Events and Staff Meetings

- 4 This includes conferences, seminars, workshops, training course and meetings.
- 5 A budget is to be allocated for such events.
- 6 Staff must take into account when booking venues, location, accommodation standards and tariff rates that due consideration must be given to the nature of the event, total cost, expectations of participants and their home location.
- 7 When catering for a function, lunch should only be provided where it is not possible to arrange the meeting for a period which avoids the lunch break.

Purchase of Alcohol

- 8 The school must purchase alcohol only for entertainment purposes, or gifts at the Principal's discretion of appropriateness.
- 9 When alcohol is served, the school must act as a responsible host and serve food and non-alcoholic beverages.

Gifts

• Giving

A gift is given as a token of recognition – such as to an employee for long and outstanding service or in international relations where the giving of gifts is customary.

- 10 The purpose for which a gift is given is to be specified and all gift costs must only be incurred where there is a justifiable and correctly documented business purpose.
- 11 Approval for gift purchases when using school funds must be approved by the budget holder in advance.

- 12 Where protocol requires the giving of gifts, the staff member responsible must receive authorisation for the value of the intended gift/koha prior to the event and where applicable, receipts are to be presented.
 - 13 The cost of gifts /koha (a gift token or a contribution given on appropriate occasions) must be of a nature that is not, nor can be regarded as extravagant or immoderate for the purpose.
 - 14 Where staff money has been collected for the purchase of a gift, the money must be accounted for and the procedure transparent.
- **Receiving**
 - 15 Receiving a gift must always be taken in consideration that by doing so, the school does not, nor can be perceived as changing its decision-making.
 - 16 No real or perceived conflict of interest arises as a result of receiving a gift.
 - 17 No gift is to be received in substitution for legitimate payment or remuneration.
 - 18 Receipt of the gift is declared and transparent.
 - 19 Gifts given the school remain the property of the school and are recorded in a gift register.

Refer to 'Controlling sensitive expenditure: Guidelines for Public Entities'. Controller and Auditor-General, July 2007. www.oag.govt.nz

WAITAKERE COLLEGE

Guidelines for Expenses on Travel for the School

To be read in accordance with:

- Financial Management Overview Policy and Procedures
- EOTC Policy and Procedures
- Professional Development Policy and Procedures

The Board agrees that it has a responsibility to ensure that travel expenditure incurred by the College must be clearly linked to the business of the College.

- 1 All travel likely to incur travel expenses must be documented either through the EOTC or Professional Development procedures and approved by the Principal or the Principal's nominee.
- 2 Staff may not approve their own travel.
- 3 All bookings for domestic and international travel are to be conducted through the College's normal purchase procedures and will be made by the School in advance of your travel for airfares, accommodation, rental cars etc, and will be paid for by the School. Any changes to these bookings which will incur additional cost must first be cleared with the School. Changes made, which were not pre-approved could be to the cost of the employee.

Unless with prior approval, a staff member may not book travel using cash/cheques or personal credit cards.

Travel within New Zealand

- 4 The justification for travel within New Zealand must be documented. It must be transparent and must relate to a school need.
- 5 The Board authorises any travel by the Principal, the Principal authorises any travel by an Executive member and all other staff must have travel approval via EOTC or Professional Development procedures.
- 6 All domestic travel is to be economy class and by the most direct route unless scheduling dictates otherwise.
- 7 All travel/trips must present an itinerary which clearly states what is provided for (i.e. meals, accommodation) and a budget. Expenses may be capped and this must be agreed prior to travel.
- 8 For travel within New Zealand the School may meet the cost of breakfast, lunch and dinner to an agreed amount. Unless otherwise agreed this will be on an actual cost reimbursement basis. The costs that the school may meet for these are:
 - Single breakfast including tea/coffee/juice.
 - Simple lunch including tea/coffee/juice.
 - Single course dinner at a café/restaurant. This does not include any costs for alcohol.

If meals are included in the travel itinerary/trip, the school will not reimburse for extra meals.

Instead of meal by meal reimbursement a daily allowance may be approved and in accordance with the PPTA Collective Agreement or the Support Staff in Schools Collective Agreement.

- 9 In the unlikely event of the need to book accommodation/travel while on the trip, costs will be reimbursed provided that the additional expense is school business related, all receipts are presented, and bookings have been made at a cost rate and standard appropriate to the trip being undertaken and in line with that pre-booked by the company.
- 10 Additional costs incurred at accommodation may be met by the school with receipts, in respect of:
 - Telephone calls for business purposes
 - Personal calls home at reasonable intervals and of reasonable duration
 - Laundry where the trip is over 5 continuous days.

- 11 Additional costs incurred at accommodation will not be met by the School in respect of:
- Excess personal telephone calls
 - Mini bar or alcohol charges
 - Pay TV or movie charges
 - Damage or other costs as a result of personal usage.
 - Personal Purchases.
- 12 For expenditure incurred in New Zealand of value greater than \$50 (including GST) a GST invoice must be provided to ensure that GST can be reclaimed by the school.

International Travel

- 13 All international travel must be approved by the Principal and the Board notified prior to travel commencing. A proposal must be put to the Principal and Board detailing the purpose of the trip, the expected benefit which will arise from the trip the planned budget and estimate of costs.
- 14 At the end of the trip, the traveller must prepare a trip report which details the costs incurred during the trip, activities which took place and the benefits that arose. All receipts for expenses incurred must be presented.
- 15 The Board authorises any travel by the Principal, the Principal authorises any travel by an Executive member and all other staff must have travel approval via EOTC or Professional Development procedures
- 16 All international travel is reported within the School's Annual Report and audited as part of the Annual Audit process.
- 17 Unless approved otherwise, all travel must be economy class and by the most direct route. Exceptions may be made, in advance, if travel time exceeds 10 hours, if travel time without a stop over exceeds 20 hours or if the traveller is expected to resume work within 8 hours of flying.
- 18 Accommodation costs will be reimbursed on the basis that accommodation booked is of good but not superior accommodation and on presentation of receipts. All exceptions must be given prior approval and must be justified.
- 19 A cash advance may be provided to meet incidental or planned trip expenses. This cash is the property of the school. The traveller will be requested to sign that they have received the cash advance. A cash advance reconciliation form must be completed to account for the spending of the money advanced and either return the balance of the unspent cash advance (on approved expenses) or claim additional funds where the actual expenses exceeded the cash provided.
- 20 In the event of entertaining a client/supplier on behalf of the School the amount spent and extent of entertaining should be appropriate to the value of the customer/supplier and the trip being undertaken.
- 21 Where possible planned entertaining should be approved in advance of the trip being undertaken.

Use of Vehicles

- 22 Use of rental cars must be approved in advance, must be of good but not superior model and be appropriate for the travel undertaken. Any exceptions must be justified.
- 23 Use of private vehicles is to be approved and reimbursement will be at the rate specified in the PPTA or Support Staff Collective Agreement.
- 24 Use of taxis is permitted only in exceptional circumstances, must be reimbursed only on presentation of receipts and must be able to be justified.
- 25 Prior to domestic or international travel being undertaken, the traveller must be given a copy of these procedures and be required to sign they have sighted, read and understood the requirements under which they travel as representatives of the school.

Reimbursement of expenses

- 26 Reimbursement for travel expenses is on the basis of actual and reasonable costs.
- 27 For travel within New Zealand actual and reasonable costs are those incurred above the normal day to day costs. For example, a staff member would normally incur personal expenditure for lunch on a daily basis and the cost of lunch when travelling would not normally be reimbursed. Exceptional circumstances must be justified.

Discretionary Travel Benefits

- 28 Travel benefits including airpoints and loyalty scheme rewards/points (Flybuys etc.) accrued from official travel are only to be used for subsequent travel on behalf of the school. They cannot be redeemed for personal use.
- 29 The school will not meet expenses incurred on behalf of a spouse or travelling companion. In the event of a staff member travelling on approved travel with a companion or spouse, a reconciliation of expenses should clearly demonstrate that the school did in no way incur additional expenses.
- 30 If protocol requires the giving of gifts, the traveller must receive authorisation for the value of the intended gift/koha prior to travel. Refer to Gift and Entertainment guidelines

Waitakere College

Appendix A – Theft and Fraud

- 1 As preventative measures against theft and fraud the Board requires the Principal to ensure that:
 - a) The School's physical resources are kept secure and accounted for.
 - b) The School's financial systems are designed to prevent and detect the occurrence of fraud. All such systems must meet the requirements and standards as set out in the Crown Entities Act 2004 and of the new Public Benefit Entity (PBE) Accounting Standards promulgated and supported by the Institute of Chartered Accountants of New Zealand. The PBE Accounting Standards supersedes the Generally Accepted Accounting Practice (GAAP) standards formerly adopted by the School for Annual Reporting.
 - c) Staff members who are formally delegated responsibility for the custody of physical and financial resources by the Principal are proven competent to carry out such responsibilities and that such persons are held accountable for the proper execution of their responsibilities.
 - d) All staff members are aware of their responsibility to immediately inform the Principal should they suspect or become aware of any improper or fraudulent actions by staff, suppliers, contractors, students or other persons associated with the School.
- 2 In the event of an allegation of theft or fraud the Principal shall act in accordance with the following procedures:
 - a) Decide to either immediately report the matter to the New Zealand Police or proceed as outlined in this paragraph.
 - b) So far as it is possible and within 24 hours:
 - i. Record the details of the allegation, the person or persons allegedly involved, and the quantity and/or value of the theft or fraud.
 - ii. Request a *written statement* from the person who has informed the Principal, with details as to the nature of the theft or fraud, the time and circumstances in which this occurred, and the quantity and/or value of the theft.
 - iii. Decide on the initial actions to be taken including consulting with the person who provided the information and, if appropriate, confidentially consulting with other senior members of staff about the person who is the subject of the allegation.
 - iv. Inform the Board Chairperson of the information received and consult with them as appropriate.
 - c) On the basis of advice received and after consultation with the Board Chairperson, the Principal shall decide whether or not a *prima facie* case of theft or fraud exists, and if not, to document this decision and record that no further action is to be taken.
 - d) The Principal shall then carry out the following procedures:
 - i. Investigate the matter further;
 - ii. If a *prima facie* case is thought to exist to continue with their investigation;
 - iii. Invoke any disciplinary procedures contained in the contract of employment should the person be a staff member;
 - iv. Lay a complaint with the New Zealand Police;
 - v. If necessary, commission an independent expert investigation;
 - vi. In the case of fraud, require a search for written evidence of the possible fraudulent action to determine the likelihood or not of such evidence;
 - vii. Seek legal advice; or
 - viii. Inform the Manager, National Operations, Ministry of Education local office and/or the school's auditors.
 - e) Once all available evidence is obtained the Principal shall consult the Board Chairperson. The Board Chairperson may, if they consider it necessary, seek legal or other advice as to what further action should be taken.

- f) If a case is considered to exist the Principal or a person designated by them shall, unless another course of action is more appropriate:
 - i. Inform the person in writing of the allegation that has been received and request a meeting with them at which their representative or representatives are invited to be present.
 - ii. Meet with the person who is the subject of the allegation of theft or fraud and their representatives to explain the complaint against them.
 - iii. Obtain a verbal or preferably a written response (all verbal responses must be recorded as minutes of that meeting, and the accuracy of those minutes should be attested by all persons present).
 - iv. Advise the person in writing of the processes to be involved from this point on.
- 3 The Board recognises that supposed or actual instances of theft or fraud can affect the rights and reputation of the person or persons implicated. All matters related to the case shall remain strictly confidential with all written information kept secure. Should any delegated staff member or any other staff member improperly disclose information the Principal shall consider if that person or persons are in breach of confidence and if further action is required. Any action the Principal considers must be in terms of the applicable conditions contained in their contract of employment and any code of ethics or code of responsibility by which the staff member is bound.
- 4 The Board affirms that any allegation of theft or fraud must be subject to due process, equity and fairness. Should a case be deemed to be answerable then the due process of the law shall apply to the person or persons implicated.
- 5 Any intimation or written statement made on behalf of the School and related to any instance of supposed or actual theft or fraud shall be made by the Board Chairperson who shall do so after consultation with the Principal and if considered appropriate after taking expert advice.

Allegations Concerning the Principal or a Trustee

- 6 Any allegation concerning the Principal should be made to the Board Chairperson. The Chairperson will then investigate in accordance with the requirements of paragraph 4 of this Policy.
- 7 Any allegation concerning a member of the Board of Trustees should be made to the Principal. The Principal will then advise the manager of the local office of the Ministry of Education and commence an investigation in accordance with the requirements of paragraph 4 of this Policy.