



Financial management policy and procedures

Rationale

Delivery of quality education requires wise management of Kahurangi School's financial resources. The use of these resources must be carefully planned and controlled to support the Charter and Strategic plan.

Purpose

1. To establish responsibility for the management of Kahurangi School's financial resources.
2. To ensure that the school complies with all Ministry of Education and statutory requirements in financial matters.
3. To ensure that, to the greatest extent possible, all expenditure is planned and incorporated into the annual Kahurangi School budget.
4. To ensure that the Board of Trustees has accurate and comprehensive financial information with which to monitor and control the school's operation.
5. To link resources used to the Strategic and Annual Plan objectives by allocating funds, which reflect the school's priorities.
6. To ensure that financial management and financial reporting provides a sound base for planning.

Guidelines

1. The draft annual budget will be prepared by the Finance Committee each year and will be presented to the Board for approval at the November meeting. Before this, the Principal will consult with staff about the needs of the school.
2. The management of the financial resources of our school and for keeping within budget is the responsibility of the Principal, who in turn is responsible to the Kahurangi School Board of Trustees. The Principal is responsible for ensuring financial management in line with the schedules of delegations (schedule 1 attached) and the schedule of responsibilities (schedule 2 attached), and internal controls (schedule 3 attached). In summary, these responsibilities include:
 - banking and cash handling including petty cash
 - purchases and payments
 - investments
 - accounting system

- payroll
- asset management
- monthly financial reporting to the Board.

3. Principles underpinning financial management and reporting include:

- transparency
- declaration of interests
- separation of duties
- no financial transaction to be authorised by the person benefiting but are to be authorised by someone more senior at the next opportunity.

4. The annual accounts will be presented to the Board for approval before submission to the auditor.

Approved by the Board 29th November 2017



Cathryn Curran-Tietjens
Chairperson

Schedule 1 – Financial delegations

Introduction

1. This Schedule of Delegations (the Schedule) sets out those responsibilities that can only be exercised by the Board, the responsibilities delegated to the chief executive (the Principal), and those responsibilities that the Principal can delegate to specified staff positions.
2. The purpose of the Schedule is to ensure effective governance and management of the school, to provide an agreed basis for the school's management to exercise its responsibilities, and to enable delegated responsibilities to be monitored. The Board expects that delegations will be properly exercised and those hold such delegations will be accountable for them. This is necessary for the Board to be confident it is meeting its responsibilities under the Education Act 1989, the Crown Entities Act 2004 and the Financial Reporting Act 1993.
3. If anyone delegated responsibilities by the Board or by school management has any doubts or concerns about that delegation, they must check with the person or group who made the delegation in the first place. It is preferable to check on what is intended rather than to make an error of judgment and be held accountable for this.
4. This schedule does not in itself provide the right to executive management and staff to exercise the responsibilities delegated. The right to exercise these responsibilities must be set out in a Memorandum of Delegations which sets out the delegations and is signed by the parties involved. An outline example is set out at the end of this schedule.
5. The Principal shall ensure that a copy of each memorandum is safely retained and shall be made available to the Board, the school's auditors and officers of any Court hearing a case related to the school's finances.

Approval

1. This schedule was agreed by the Board and approved at its meeting held on 29th November 2017. No variations the schedule or amendments to it can be made except by the majority approval of trustees at a properly constituted Board meeting.
2. As part of its approval the Board requires the Principal to circulate this schedule to affected staff and to keep a copy with school policies. The Board requests that the Principal arrange for all new staff affected by this schedule to be made familiar with it.

Approved by the Board 29th November 2017



Cathryn Curran-Tietjens
Chairperson

Delegations retained by the Board

The Board retains for itself and does not delegate to any executive management or staff position the following responsibilities:

1. Approval of all operating, capital, cash flow and property maintenance budgets and amendments to these budgets;
2. Prior approval of unbudgeted expenditure.
3. The commitment or purchase of capital expenditure
4. The disposal of fixed assets with a cost price in excess of \$5,000
5. The transfer of money between any Board on call and Board term deposit account for a period more than 1 year.

Delegations to the Principal

The Board delegates to the Principal the responsibilities listed below:

1. Approval of any orders for goods and services within approved budget allocation for the expenditure item involved
2. Transfers between Board accounts.
3. Ordering fixed assets for which the capital expenditure has the prior approval of the Board
4. Explicit delegations outside these parameters can be made by the Board

These responsibilities complement those responsibilities and achievements specified in the Principal's annual performance agreement with the Board.

During any extended absence of the Principal from the school these delegations shall be exercised by the Acting Principal with the separate and prior approval of the Board Chairperson. In such an absence the Acting Principal shall sign a copy of this Schedule.

I have read and understood this Schedule of Delegations. I accept responsibility for the proper execution of the delegations assigned to me as Principal and I will exercise these in terms of the requirements set out in the Board's Schedule of Delegations.

Signed by Principal

Date

Principal's delegations to others

With the Board's delegation to me as Principal and with the Board's approval for me to delegate to a specified staff position I delegate to the position of (name of position) the following responsibilities:

- Approval of any orders for goods and services up to the value of \$500 and provided such an order will not exceed the Board approved budget allocation for (name of budget item or sub-budget item);
- [List here any other responsibility within the Principal's delegation.]

These delegations are to be exercised in line with the Board's Schedule of Delegations.

Signed by the Principal

Date

Person to whom responsibility is delegated

I accept responsibility for the proper execution of the delegations assigned to me and I will exercise these in terms of the requirements set out in the Board's Schedule of Delegations. I acknowledge that I cannot further delegate those powers delegated to me by the Principal.

Signed by:

(name and position)

Date

Schedule 2 – Segregation of duties and responsibilities

The list below shows financial tasks alongside the person responsible for carrying out each task. This Schedule is supplementary to the School's Schedule of Delegations, and when carrying out these tasks trustees, staff, contractors and volunteers must not exceed the authority delegated to them via their Memorandum of Delegation.

Banking and cash handling

What	Who
Opening mail and receipting the cash and cheques received	Office Manager
Receipting of all cash received	Office Manager
Preparation of banking	Office Manager
Checking of bank deposit	Principal
Deposit of banking	Office Manager
Reconciliation of daily receipts with banking	Office Manager
Custody of cash and cheques	Office Manager

Petty Cash

What	Who
Authorising reimbursement of petty cash claims/vouchers	Office Manager/ Principal
Reconciling petty cash balance	Office Manager
Approval of petty cash reconciliation	Principal
Signing petty cash top-up cheque	Approved signatories x 2

Purchases and Payments

What	Who
Purchase of goods and services	Budget holders up to level of delegation
Verifying receipt of goods or services	Budget holders or Office Manager
Preparation of invoices for payment	Office Manager
Approval of invoices for payment	Principal
Approving payment	Approved signatories
Sighting and sign off of payments schedule	Principal

Coding of invoices

What	Who
Coding of invoices against budget	Office Manager

Investments

What	Who
Transfer to and from general, at-call and term deposit accounts	Office Manager
Approval of transfers	Principal

Payroll

What	Who
Check of fortnightly SUE report	Principal
Reconciliation with bank debit with errors followed up	Office Manager
Verification of SUE reconciliation report and bank debit	Principal
Staff expense claim – voucher approval	Principal

Income

What	Who
Preparation of receivables invoices	Financial services provider
Monthly review of receivables ledger	Financial services provider
Verification of reconciliations	Financial services provider
Debt write-off approvals	Financial services provider

Fixed assets over \$500

What	Who
Fixed asset purchase approval	Financial services provider
Fixed asset register update	Financial services provider

GST

What	Who
GST return prepared	Financial services provider
GST reviewed	Financial services provider
GST return signed off	Financial services provider

Signed by the Principal

Date

Schedule 3 – Internal controls

Income

1. All income including trading income, locally raised funds and donations is to be receipted when received.
2. All income is to be banked as soon as practical after receipt.
3. After it has been receipted, all income is to be coded appropriately, donations, fundraising etc, and recorded.

Payments

1. Collate all invoices and statements.
2. Check each statement to ensure that for amounts have been accounted for and approved for payment.
3. All cheque and online payments will be authorised by two signatories.
4. Under no circumstance will a signatory sign a blank cheque. All cheques, other than those for petty cash reimbursement will be marked 'not transferrable' and 'account payee only'.
5. Online payments. The payee's payment details should be verified as correct by reference to pre-printed bank deposit slip or similar prior to payment and recorded on invoices.
6. At no time will accounts be operated in overdraft without the permission of the bank and the knowledge of the Board.
7. The Board to review monthly financial statements.

Petty cash

1. Office manager to use petty cash system established by accountant. Petty cash should not exceed \$200.
2. Petty cash expenditure will be signed off by the Principal as required.
3. Petty cash purchases will only be reimbursed on presentation of a receipt. This is then reimbursed by way of cash, cheque or internet banking when necessary. Reimbursements should not exceed \$50
4. Petty cash advances will not exceed \$200
5. Principal will conduct spot checks of petty cash on a random basis.

Purchasing

1. Purchases made by staff must be pre-approved by the Principal.
2. For purchases over \$8,000 three tenders should normally be sought.
3. Any conflicts of interest of staff or Board members must be declared .

Payroll

1. Principal to review SUE Report for errors and sign off.
2. Office Manager to check SUE Report to ensure additional payments and alterations submitted for the respective pay period have been actioned.

Credit Card

1. The credit card limit will be set or amended by the Board.
2. The Board will review GST receipts against monthly credit card statements.
3. There is to be no personal use of the school credit card.

Investments

Investments of school funds may only be made in accordance with the terms of Section 73 of the Education Act 1989.

Fundraising and donations

The Board acknowledges that under Section 73 of the Education Act 1989 some professional fundraising contracts constitute an illegal fundraising contract. No such fundraising contract will be entered into by the school. If doubt exists about the legality of a proposed fundraising contract, the Principal will contact the regional Financial Adviser of the Ministry of Education for advice.

Financial reporting

1. The Principal shall ensure proper accounting records are maintained. The records must satisfy all requirements specified in Acts of Parliament, financial reporting standards and other applicable standards.
2. The financial system must be so organised by the Principal that the Principal and Chairperson can sign without hesitation the annual Statement of Financial Responsibility as required by Section 155 of the Crown Entities Act 2004.
3. For each calendar month the Principal shall ensure the Board receives:
 - a statement of financial performance, including comparison to budget
 - a summary statement of financial position.
 - a list of payments made
 - a written summary report that describes:
 - key financial achievements from the previous month and expectations for the month ahead
 - variance from budget and other significant matters and/or risks that must be addressed by the School.
4. This report shall be presented to the Finance Committee for review and discussion prior to the Board meeting.