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| **Purpose:** | Our Finances Policy ensures name of organisation is managed in a fiscally sound manner within the financial budgets, plans, policies and priorities set. |
| **Scope:** | This policy applies to Trustees / Board Members *delete not applicable* , contractors and volunteers.  |
| **Principles:** | To operate with full financial transparency, with officer holders suitably experienced to carry out their role within the organisation. |
| **Version:** | Template to adapt | **Effective Date:** | Add date |
| **Approved by:** | Board  | **Due for Review:** | 12 months |
| **Templates** | * Expense Reimbursement Request
* Koha Payment Form
* Asset Register
 |
| **Legislation:** | Charities Act - https://www.charities.govt.nz/reporting-standards/ |
| **Reference Documents:** | * Trust Deed / Constitution / Rules *delete not applicable* *(refer* Clause add clause number)
* Delegated Authority Levels Template
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**Policy**

The Trustees / Board Members *delete not applicable* are ultimately responsible for the funds held in the name of name of organisation .

Day to day financial management is delegated to the Treasurer.

## **Responsibilities**

It is the responsibility of the Trustees / Board Members *delete not applicable*:

1. to approve the annual financial plan/budget and any variation to this
2. to receive complete and timely financial reports and be satisfied that they are not inconsistent with the annual financial plan
3. to ensure funding sources are consistent with the mission of the Trust
4. to be satisfied that funding will be available to meet identified future commitments
5. to be satisfied that funds received are being used responsibly
6. to not allow any one person alone to have complete authority over any of the organisation's financial transactions
7. to have two current board member signatories authorise any payments (refer Clause add clause number)
8. to ensure all payments by or on behalf of the organisation are passed for payment by the Trustees (refer Clause add clause number)
9. to be satisfied that appropriate strategies are put in place to address any anticipated funding shortfalls
10. to receive and approve audited financial statements completed on a timely basis (refer Clause add clause number)
11. to receive the post-audit letter from the auditors and take appropriate action on any matters raised (if applicable)
12. to keep up to date with possible additional sources of funding

It is the responsibility of the Treasurer:

1. to prepare the annual financial plan in consultation with the Trustees / Board Members *delete not applicable*
2. to operate the organisation in accordance with the approved financial plan and seek approval of the Trustees / Board Members *delete not applicable* for any variation to the plan where this becomes necessary
3. to regularly report to the Trustees / Board Members *delete not applicable* on the financial performance in relation to the annual plan and on the financial position of the trust
4. to develop appropriate controls within the organisation to ensure reasonable protection of assets
5. to ensure accounting records are kept in a manner that:
* correctly records and explains financial transactions
* will at any time enable its financial position to be determined with reasonable accuracy
* will ensure that the organisation complies with all contractual obligations and relevant legislation
* will enable its financial statements to be readily and properly audited (if applicable)
1. to ensure that any surplus funds are invested to best advantage in a financial institution approved by the Trustees / Board Members *delete not applicable*
2. to monitor and ensure compliance with the terms of grants and contracts, including the maintenance of adequate records to satisfy accountability requirements
3. to ensure the timely completion and audit of annual financial statements, including the Performance Report.

### Key Dates

The following are key dates during the year relating to financial management:

|  |  |
| --- | --- |
| **What** | **When** |
| Prepare Budget for new financial year | Minimum of 2 weeks prior to last Trustee Board meeting before the beginning for new financial year |
| Budget signed off and approval at Trustee Board Meeting | Last Trustee Board meeting before beginning for new financial year |
| End of Financial Year | Add date |
| Annual General Meeting (AGM) | Add date (refer Clause add clause number)  |
| Preparation of Performance Report that meeting Charity Report Standards (if registered) | (refer Clause add clause number) |
| Charities Reporting Deadline (if registered) | (refer Clause add clause number) |

### Accounting Policy

The financial accounting period for name of organisation begins on 1 add month each calendar year and concludes on add date the following year.

The financial accounts for name of organisation are prepared on a cash / accruals basis *delete not applicable*.

Name of organisation is / is not *delete not applicable* registered for GST, GST number xxx-xxx-xxx. GST returns are completed every one / two / six / twelve *delete not applicable* months.

### Annual General Meeting (AGM)

1. Treasurer to present a Financial Report for the preceding Financial Year. The narrative should be supported by a Performance Report which meets Charity Reporting Standards based on current level of expenditure

https://www.charities.govt.nz/reporting-standards/which-tier-will-i-use/

1. Trustees to decide whether or not to appoint an auditor for the current financial year (refer Clause add clause number)

### Assets

**Purchase of Capital Items**

The Trustees / Board Members *delete not applicable* of name of organisation have the responsibility of purchasing any capital items. These items are set out in a budget each year which is approved by the board. The purchase of all capital items should come within budget limits. When purchasing significant items three quotes are sought to obtain a competitive price. The Treasurer reports on capital expenditure at trust meetings.

**Asset Register**

An asset register is held by name of organisation and maintained by the Treasurer. Assets of $500 (excluding GST) or more are recorded. Any capital purchases less than $500 (excluding GST) are recorded as operating expenses.

**Depreciation**

Assets are depreciated on a Diminishing Value - Asset is depreciated by the same percentage (and therefore the depreciation deduction decreases every year). Depreciation will be at the rates prescribed by the Inland Revenue.

**Disposal of Assets**

Capital items for disposal must first be approved by the Trustees / Board Members *delete not applicable*. The Chairperson or Treasurer are responsible for the disposal of capital items. After Board approval the items may be offered to volunteers or other community groups in an ‘as is where is’ state at reasonable, book or current market value rates.

### Bank Accounts

Name of organisation holds one main operating bank account at name of bank, this account does not have an overdraft facility. There are no debit or credit cards held on any accounts.

Name of organisation may hold reserve funds plus any surplus operating funds in an interest bearing account or higher interest, low risk term deposit with name of bank. These funds are transferred as required into the main operating account. Any investment of funds outside of name of existing bank needs full board approval.

### Budget

The Treasurer sets the budget for the next financial year. This is presented to the full board for approval at the meeting immediately prior to the beginning of a new financial year.

### Cash Management

Name of organisation does not commit expenditure beyond what is available to access immediately at the bank.

Grants or funding that have been earmarked for a particular purpose are tagged to that specific expenditure only.

### Expense Approvals

Three board members are nominated as bank account signatories, with two to sign for each transaction.

Refer Delegated Authority Levels.

### Financial Reporting

A minimum of one week prior to monthly name of organisation meetings the Treasurer will provide Trustees / Board Members *delete not applicable* with the following financial reports:

* Summary cashflow, including opening balance with itemised list of income and expenses since the previous meeting
* Cashflow forecast out to end of financial year or six months ahead whichever is furthest away
* Year to date Profit & Loss Statement

Trustees / Board Members *delete not applicable* are able to query any item in the financial accounts and view source documents.

### Fraud

The Trustees / Board Members *delete not applicable* accept that they have a responsibility to protect the physical and financial resources of name of organisation.

The Trustees / Board Members *delete not applicable* are responsible for:

• Taking steps to deter and prevent fraud, theft and corruption by person who are employed or contracted by the organisation or who are service recipients of the organisation

• Respecting the rights of any employees, contractors or volunteers to report concerns and make protected disclosures about any concerns

• Making sure that individuals reporting their concerns in good faith and in a responsible manner do not suffer detrimental action as a consequence thereof, so that disclosures of wrongdoing are seen as a positive aspect of organisational culture

• Treating seriously any allegation of suspected fraud, theft or corruption

• Taking prompt action on all reported concerns, both to bring the activity to an end and to discourage others who may be inclined to similar conduct

• Being satisfied as to the facts of the case before initiating any disciplinary or legal action. This will involve a preliminary assessment, and where appropriate, investigation of the allegation

• Notifying the Police as warranted and / or appropriate

• Seeking legal or other advice on the matter where required

• Acting impartially, fairly, and equitably when handling cases of suspected fraud, theft or corruption, which includes having proper regard for the principles of natural justice and the avoidance of entrapment, bias, and favouritism

• Treating people consistently, regardless of their status, length of service, or position

• Cooperating with investigations of alleged wrongdoing undertaken by external parties

• Exercising good judgement based on the evidence gathered and acting on that judgement in the interest of members, shareholders and the public

• Imposing and articulating strong deterrent penalties, including seeking prosecution and recovery of any losses, wherever possible and practicable

• Making details of successful prosecutions public wherever possible

 **Implementation**

 The implementation and review of the Fraud policies are the responsibility of Trustees /

 Board Members *delete not applicable*, in conjunction with any recommendations made by

 appointed Accountants/ Auditors:

* Any allegations concerning staff or related parties are to be made to the Chairperson who will communicate these to the Trustees / Board Members *delete not applicable*
* Any allegations concerning the Treasurer are to be made to the Chairperson, who will communicate these to the remaining Trustees / Board Members *delete not applicable*
* Any allegations concerning the Chairperson are to be made to the Treasurer who will advise the external auditor to commence an investigation
* Trustees / Board Members *delete not applicable* will be responsible for all allegations brought to their attention, and the committee may as warranted and / or appropriate, notify the Police and / or advise the external auditor to commence an investigation

### Internal Controls

**Accounts Receivable**

Name of organisation invoices an organisation or individual as required. Each invoice is reconciled with the payment when received. Receipts are issued for any cash received.

When a payment becomes overdue a statement is sent as a reminder of payment and then followed up by emails and phone calls. Once every effort has been made to recover funds the Treasurer has the authority to write off small unpaid debts under $100. Any single amount over $100 is considered a significant amount of debt owing and will be referred to Trustees / Board Members *delete not applicable* for a decision.

The Treasurer may choose not to enter into any financial transaction with any debtors who have not paid previous debts to name of organisation.

**Accounts Payable**

Signatories check and approve supporting documentation and bank account payment being made to. This should be evidenced on the bill and also on a Payment Summary Report.

Accounts payable are paid monthly on the 20th of the month following the date of the invoice.

Accounts payable are paid by direct credit via on-line banking. Accounts are approved for payment and online payments are set up by the Treasurer.

Two signatories are required for each online payment (see Expense Approvals and Delegated Authorities Policy).

A Trustee / Board Member *delete not applicable* may not approve payment of any kind to themselves. If the payment relates to a Trustee / Board Member *delete not applicable* or an identified conflict of interest of the Trustee / Board Member *delete not applicable*, the Trustee / Board Member *delete not applicable* may not approve either the account or the online payment. In this instance all approvals must be completed by two other Trustees / Board Members *delete not applicable*.

Any Automatic Payment authorities are also signed by two signatories.

**Expense Reimbursements**

On occasions Trustees / Board Members *delete not applicable*, Contractors or Volunteers may purchase small goods for work purposes using their own money. This will not exceed $xxx per transaction. These items will be reimbursed by name of organisation when a completed Expense Reimbursement Request form with receipts attached is approved by the person they report to.

If the expense reimbursement relates to the Treasurer, the Expense Reimbursement Request form is reviewed and approved by the Chairperson.

**Koha**

Name of organisation pays Koha from time to time. Koha is defined as an unconditional, spontaneous gift (cash, goods or kind) given or received for unsolicited services, as within tikanga Māori. Koha will:

* be in the form of cash
* be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return
* not be given in lieu of salary or as a payment for service(s) provided
* not be given by to Trustees / Board Members *delete not applicable*, Contractors or Volunteers

A Koha Request form is completed and approved by the Treasurer for an amount of no greater than $100.

### Reconciliations

Bank accounts are reconciled monthly through name of accounting system accounting system by the Treasurer.

The following position holders have access name of accounting system:

* Treasurer
* Chairperson
* Administrator

### Record Keeping

Correspondence relating to sponsorship, grants, donations and any other form of income is filed according to month received.

Receipts for all expenditure are retained and filed according to the month the funds were spent.

### Related Party Transactions

A related party transaction is a transfer of money, goods or services between name of organisation and those who are closely associated and have the ability to influence the organisation.

To ensure complete transparency it is important that any Related Party Transactions are approved by the Trustees / Board Members *delete not applicable*, recorded in the meeting minutes and reported in the annual Performance Report. This will also show the level of contribution and support name of organisation receives from related parties through donated and discounted goods or services.

The focus should be on the separate reporting of transactions that are:

• significant to name of organisation, or

• outside the normal day-to-day operations of name of organisation, or outside the normal day-to-day role of members of the governing group.

Any Related Party transactions are reported in name of organisation’s annual Performance Report (see AGM)

### Statutory Reporting

All registered charities must complete annual reporting to Charities Services. This includes filling out an annual return and attaching financial statements.

https://www.charities.govt.nz/reporting-standards/about/

### Tax

Name of organisation is a registered charitable trust / Incorporated Society *delete not applicable* and holds an exempt tax status (if applicable)