



Financial controls



"Financial expenditure is regularly checked, balanced and accounted for"

Intent

We manage income and expenditure in accordance with our Constitution and the law. We have financial controls to help us make reliable and responsible financial decisions and minimise risk of loss and fraud.

Responsibilities

The Board will:

- monitor the financial status of the organisation
- monitor and review the efficacy of financial controls and improve as necessary.

Management will:

- ensure controls to prevent and detect the occurrence of fraud are effective and complied with
- operate within delegation
- adhere to the financial management principles
- ensure segregation of roles is sufficiently maintained to address risks of error, fraud and misappropriation
- promptly respond to an alleged breach of this policy



Staff/kaimahi will comply with this policy. Kaimahi responsible for financial administration must:

- apply financial principles
- use and maintain systems to support this policy.

Requirements

Purchasing and procurement

The financial management principles/ policy will be applied to purchasing and procurement of assets, goods and services:

- cost comparisons are made before purchasing and competitive quotes obtained for significant assets
- debt must be avoided other than for trade payables unless otherwise approved by the board
- no goods, assets or services are purchased that might bring the organisation into disrepute
- records must be kept and provided for spending (e.g invoices, receipts).

Segregation of duties

Segregation of duties will be maintained if reasonably practicable for:

- ordering or invoicing goods and services
- receiving goods and services
- approval by authorised persons
- accounting and reconciling income and expenditure.

Signatories

Signatories for the bank accounts and financial transactions will be nominated or appointed in accordance with the Constitution (for evidence of authorisation – see board minute; management delegation; and/or employment agreement).



A signatory must not authorise a payment to themselves.

Use of credit card

Limits will be set around credit card use. Card transactions must be supported by documentation (e.g. tax invoice).

Cards must not be used to obtain a cash advance.

Petty Cash

Petty cash may be maintained for day-to-day miscellaneous expenses. Receipts for expenses must be kept and reconciled with the transactions (as below).

Security of cards, cash

Cash received and held on the premises must be kept secure:

- monies received must be properly receipted
- no cash received can be used to pay accounts in cash
- only delegated staff may handle cash.
- payments received must be banked as quickly as possible but no later than three working days of receipt.

Petty cash, credit and other transaction cards must be kept safe and secure.

The bank and management must be notified immediately if a credit card is lost or stolen; and/or any unauthorised transaction is detected or suspected.

Account security

Accounts will only be held with reputable banks.

Passwords and logins for electronic transactions and bank accounts must not be shared other than with authorised persons.



A list will be kept of kaimahi and board members who are authorised to access bank accounts and use credit and transaction cards. This must be reviewed regularly to ensure authorisations remain necessary and appropriate.

Accounting practice

Accounts will be kept of all income and expenditure using standard accounting records. The expenditure will be linked in records to income streams (grants, funding, donations, trade, collections), invoices, payment type, programme (if relevant), funding lines and budget line/codes.

Accounts received will be paid by a set date in the following month.

Reconciliation

Reconciliation of bank accounts, income and expenditure will be completed monthly. The following will be checked:

- bank statements to verify credit card expenses and identify any inaccuracies
- records of transactions match deposit slips
- goods and services listed in bank statements were received
- purchases were made for business/organisational purposes
- supporting documentation (invoices and receipts) exists for payments by direct debits, credit cards and automated payments and for other purchasing.

Reporting

Financial performance reports will be presented for approval at Board meetings as pre-arranged with the board. The financial report will cover:

- monthly and year-to-date performance against the budget
- analysis of variances between forecasts and what actually happened
- any surplus being held in reserve
- other relevant information.



The [annual report](#) and [accounts](#) will be prepared and audited in accordance with our Constitution and regulatory requirements. Our annual report is available to our funders and members of the public on request.

Payroll and deductions

Payroll will be executed within the timeframe agreed with kaimahi. Deductions are made for [PAYE, Kiwisaver, Student Loans](#) in accordance with law.

Payroll information will be entered into the payroll system with oversight from management. Payroll reports will be checked to ensure a match between staff paid and staff working.

Misconduct

If this policy is breached, [disciplinary action](#) may be taken, which could include summary dismissal for serious misconduct and reporting criminal activity to Police.

Supporting documents

See [here](#) for our financial arrangements

Compliance

Social Sector Accreditation Standards Levels 2 & 3, Financial management and systems 2.0

Helpful links

[Financial management principles](#)

Constitution

Review

Date: July 2021

Next review: by June 2023