



## MARIAN SCHOOL BOARD OF TRUSTEES

# FINANCE POLICY

### PURPOSE

The purpose of this policy is to ensure that accountability and control of the school's financial resources is maintained. In addition, it is to ensure that the financial resources of the school are used in the most efficient and effective manner consistent with the school's special character.

### POLICY

#### 1. GENERAL FINANCE

- 1.1 The Board of Trustees (the Board) retains primary responsibility for the overall financial management of the school in accordance with the obligations of governance.
- 1.2 The Board will produce and approve an annual budget by 20 December of each year.
- 1.3 The annual budget will be monitored monthly and reviewed by 30 September of each year.
- 1.4 The Board may, at its discretion, delegate some financial authority and responsibilities to Committees, positions of office, and staff members.
- 1.5 The Board will, from time to time, approve a schedule of delegations and responsibilities. The schedule will be annexed to this Policy.
- 1.6 The Board will direct the management and control of cash by way of a cash management procedure manual. The procedure manual will be annexed to this Policy.
- 1.7 All persons required to perform any individual financial function must indicate in writing their awareness of the Board's Finance Policy and any annexure, the nature of the delegation and the limitation of their authority as per the attached schedule of delegations.
- 1.8 The Board retains the following financial management responsibilities:
  - a. Approval of the finance policy;
  - b. Approval of all delegations;
  - c. Approval of the Ten Year Property Maintenance Plan including Fixed Asset Replacement;
  - d. Approval of the annual budget; and
  - e. Approval of any expenditure in excess of budgeted amounts.
- 1.9 The Board's Finance Committee is responsible for overseeing the day-to-day management of the school's financial resources, commitments and obligations. The Committee shall:
  - a. Oversee the preparation of budgets;
  - b. Monitor revenue and expenditure, ensuring compliance with accepted accounting practice and statutory requirements; and
  - c. Provide advice to the Board and Principal on financial matters.

## 2. THEFT AND FRAUD PREVENTION

2.1 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 statutory requirements and standards as well as generally accepted accounting practice promulgated and supported by the Institute of Chartered Accountants;
- 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; and
- 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.

2.2 In the event of an allegation of theft or fraud the Principal shall, either immediately report the matter to the New Zealand Police or proceed as outlined in this paragraph.

- a. So far as 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; and
  - IV. Inform the Board Chairperson of the information received and consult with them as appropriate.
- b. 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.
- c. If a *prima facie* case exists, the Principal shall then carry out the following procedures:
  - I. Investigate the matter further in terms of procedures as set out in paragraph 2.2.a;
  - II. Invoke any disciplinary procedures contained in the contract of employment should the person be a staff member;
  - III. Lay a complaint with the New Zealand Police;
  - IV. If necessary, commission an independent expert investigation;
  - V. 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;
  - VI. Seek legal advice; or
  - VII. Inform the Manager, National Operations, Ministry of Education local office and/or the school's auditors.

- d. 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.
- e. 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); and
  - IV. Advise the person in writing of the processes to be involved from this point on.
- f. 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.
- g. 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.
- h. 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.
- i. Any allegation concerning the Principal should be made to the Board Chairperson. The Chairperson will then investigate in accordance with the requirements of paragraph 2.2.a.
- j. 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 2.2.a.

### **REVIEW**

This policy will be reviewed triennially according to the Board's Programme of Effectiveness Self-Review.

**APPROVED 9 MARCH 2010**

Board of Trustees Chairperson: .....

## ***Appendix 1***

### ***Cash Management Procedure Manual***

#### **Introduction**

This is an appendix to the Marian School Finance Policy and shall be read in conjunction with that policy.

#### **Cheque and Call Deposit Accounts**

The Board agrees that one cheque account shall be operated for Board general receipts and payments. Another cheque account shall be permitted for the school's trust funds account.

The signatories to this cheque account shall be a combination of the following either::

- the Board Chairperson or Deputy Chairperson
- the Finance Committee Chair
- the Principal
- the Staff Representative Board member.
- one other parent representative Board member.

All cheques shall be signed by at least two of the signatories.

Under no circumstances is a cheque signatory to sign a blank cheque.

All cheques, except those for petty cash reimbursement, must be issued as 'Not Transferable – Account Payee Only'.

At no time shall the cheque account be operated in overdraft without permission from the bank and the Ministry if the overdraft exceeds the borrowing limits.

Oncall interest bearing deposit accounts may be operated to hold cash resources not currently required for operating purposes. This account is only to be operated by the Principal or Bursar, with any transactions reported by the Principal at the next Board meeting.

#### **Trust Fund Account**

A separate bank account and call deposit account shall be used for the trusts funds held by the Board in trust for donor-specified purposes. The terms and conditions for the operation of these accounts shall be the same as for the general operating account referred to above.

#### **Investments**

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

Notwithstanding the requirements of Section 73, no investments may be made in equity stocks or in synthetic money market products (e.g. Forward Rate Agreements and Interest Rate Swaps).

Investments may only be made with the written authorisation of the Principal and the Board Chairperson.

#### **Fundraising**

The School shall not enter into any professional fundraising contracts. If doubt exists about the legality of any proposed fundraising, the Principal will contact the regional Financial Adviser of the Ministry of Education for advice.

## **Cash Receipts**

All cash and cheques received must be paid into the school office and properly receipted. This includes trading income, other local funds receipts and reimbursements for learning materials.

No cash received can be used to pay accounts in cash.

Only delegated staff may handle cash.

All receipts must be banked as soon as possible and preferably within one working day of receipt.

All cash and cheques kept on the premises must be kept secure and under the control of a delegated person.

## **Accounts for Payment**

All accounts for payment, other than expense reimbursements and attendance fees, must be supported by a copy of the:

- official school order form (where necessary)
- the invoice, with certification by the orderer that each item has been received, prices and quantities are correct and the payee details are correct
- the correctly completed cheque ready to be signed.

No person can sign off two of the documents that comprise the voucher except the order and the invoice. The invoice must be certified by the person who authorises the expenditure.

Expense reimbursements must be certified by the manager of the individual being reimbursed, provided the certifier has delegated authority to sign. An expense claim should be supported by GST receipts or invoices. Claims for the use of private motor vehicle usage must be certified by the Principal or delegate to indicate that approval was given. Scale rates as per the award will be the basis of reimbursement per kilometre.

## **Accounting Records**

The Principal shall arrange for proper accounting records to be maintained. The records must satisfy all requirements specified in Acts of Parliament, financial reporting standards and other applicable standards.

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.

## **Periodic and Annual Financial Statements**

For each calendar month the Principal shall prepare financial reports showing:

- Statement of Financial Performance, including comparison to budget
- a summary Statement of Cashflow and
- a summary Statement of Financial Position.

This report shall be presented to the Finance Committee and tabled at the next meeting of the Board.

Any recommendations made to the Board for the purchase of fixed assets, investments and other use of cash resources must refer to the impact on the School's present cash resources and projected cashflows for the next 12 months.

## **Approval and Review**

The cash management procedure manual will be reviewed triennially with the Finance Policy or upon direction of the Board at any time prior.

**APPROVED:** 9 March 2010

Board of Trustees Chairperson: .....

## ***Appendix 2***

### ***Schedule of Delegations***

#### **Introduction**

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.

The purpose of the Schedule is to ensure that the effectiveness of the governance and management of the School is maintained, to provide an agreed basis by which the School's executive management can exercise its responsibilities, and to enable the responsibilities delegated to be monitored. It is the Board's expectation that delegations made will be properly exercised and the persons who hold such delegations will be held accountable. If these principles are observed then the Board can be certain its responsibilities in terms of the Education Act 1989, the Crown Entities Act 2004 and the Financial Reporting Act 1993 will have been properly fulfilled.

If persons who exercise responsibilities on behalf of the Board have any doubts or concerns in the execution of a specific action the expectation is that they will check with the person or group who made the delegation in the first place. The intention of this expectation is that should doubt arise in the exercise of a delegated responsibility it is preferable to verify the bona fides of the intended action rather than make an error of judgement and be held accountable for this.

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.

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.

#### **Delegations Retained by the Board**

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

- a) Approval of all operating, capital, cashflow and property maintenance budgets and amendments to these budgets;
- b) Commitment of operating expenditure for any invoice in excess of \$5,000;
- c) The commitment or purchase of capital expenditure;
- d) The disposal of fixed assets with a cost price in excess of \$1,000;
- e) The transfer of money between any Board cheque and term deposit account in excess of \$5,000 and for a period longer than 12 months;
- f) The appointment of any permanent staff and the salary and terms of conditions on which they are employed which are in excess of positions funded by Ministry of Education salaries grants;
- g) Leave on full pay granted to non-teaching staff to attend training sessions or courses outside the school for a period greater than 10 half-days;
- h) The termination of employment of any paid employee;
- i) Signing applications for special grants for additional buildings, agreements to build via the Ministry of Education's local office;

- j) Formal communication and agreements with the Minister of Education and any other Minister of the Crown or Member of Parliament;
- k) Responses to the Secretary of Education or any other permanent head of a Government department which was initiated by a report, written communication, request for information or required declaration received from such persons and addressed to the Board or Board Chairperson;
- l) Interviews with the media and the distribution of media releases on any matter which involves the School;
- m) The initiation of any legal actions and any communications in relation to these actions;
- n) Signature of any formal or legal agreement which is in the name of the School and must involve the Board.

Note: These responsibilities are in addition to those specified in Acts and regulations by which the Board is bound.

### **Board Delegations to the Principal**

The Board delegates to the Principal the responsibilities listed below:

- a) The day-to-day curriculum and resource management of the school and the achievement of the Government's key achievement areas and requirements as specified in official educational policy documents;
- b) The implementation of any other requirements specified by Act of Parliament, the Secretary of Education, any other permanent head of a Government department and for individual and collective employment contracts;
- c) Approval of any orders for goods and services up to the value of \$5,000 and provided such an order will not exceed the Board approved budget allocation for the expenditure item involved;
- d) Transfers to at-call deposits of amounts less than \$20,000 and for periods less than 12 months.
- e) Ordering fixed assets for which the capital expenditure has the prior approval of the Board;
- f) The appointment of relieving and casual staff provided such appointment is within the budget allocation for this particular person and provided this delegation is not given to any other staff member;
- g) Communication with parents, officials, representatives of educational organisations and other firms and organisations with whom the Principal deals as part of their curriculum and resource management responsibilities; and
- h) Delegation in writing to specified staff positions of responsibilities according to the format set out below.

**Notes:**

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

During any absence of the Principal from the School for more than 5 days 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 \_\_\_\_\_ (full name)

Principal

Dated.....day of.....20\_\_\_\_

**Principal's Delegations to Specified Positions**

*NB: This delegation should be prepared as a separate Memorandum of Delegation*

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:

- 1) 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);
- 2) [List here any other responsibility within the Principal's delegation.]

These delegations are to be exercised in terms of page X of the Board's Schedule of Delegations. Signed by the Principal

\_\_\_\_\_ (full name)  
on the .....day of.....20\_\_

I accept responsibility for the proper execution of the delegations assigned to me as (name of position) 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 \_\_\_\_\_ (full name) \_\_\_\_\_ (name of position)

Dated.....day of.....20\_\_

*Note: Two identical copies of this memorandum should be signed with one copy retained on the School's Delegations File and the second copy kept by the delegate.*

## SUPPLEMENTARY SCHEDULE OF 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**

Opening mail and receipting the cash and cheques received	Office Assistant
Receipting of all student cash received	Office Assistant/ Bursar
Preparation of banking	Bursar
Signature of bank deposit	Bursar
Deposit of banking	Bursar
Reconciliation of daily receipts with banking	Bursar
Periodic bank reconciliation	Bursar
Certification of bank reconciliation	Bursar
Custody of cash and cheques	Bursar

### **Cheques**

Signing cheques	Principal <i>and</i> a Board Member as per Finance Policy
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### **Investments**

Transfer to and from general, at-call and term deposit accounts	Bursar
Reconciliation of transfers	

### **Purchasing Goods and Services**

Approving purchases (within delegated authority)	Budget Holders/Bursar
Raising purchase orders	Budget Holders
Placing phone orders	Budget Holders
Placing internet orders	Budget Holders/Bursar
Verifying receipt of goods or services	Budget Holders/Bursar
Approval of invoices for payment	Budget Holders/Bursar

### **Finance Systems**

Accounting systems daily back-up	Automatically computer generated
Weekly off-site back-up storage	Bursar
Annual archive tape safe deposit	Bursar

**Payroll**

Check of fortnightly SUE report	Bursar/Principal
Reconciliation with bank debit with errors followed up	Bursar
Verification of SUE reconciliation report and bank debit	Bursar
Attendance fee voucher certification	Bursar/Principal
Staff expense claim – voucher approval	Bursar/Principal

**Income**

Preparation of receivables invoices	Bursar
Certification of invoices	Bursar
Reconciliation of receivables ledger	Bursar
Verification of reconciliations	Bursar
Debt write-off approvals	Principal

**Fixed Assets**

Fixed asset purchase approval	Board
Fixed asset purchase order approval	Principal
Fixed asset delivery acceptance check	Curriculum Leader
Fixed asset invoice certification	Bursar
Fixed asset voucher certification	Principal
Fixed asset register update	Bursar

Signed by the Principal  
 \_\_\_\_\_(full name)  
 on the.....day of.....20\_\_\_\_

**Approval and Review**

This schedule of delegations and supplementary schedule of delegations will be approved by the Board and reviewed triennially with the Finance Policy or upon direction of the Board at any time prior.

**APPROVED: 9 MARCH 2010**

Board of Trustees Chairperson: .....