

FINANCIAL OPERATIONS POLICY

For those involved in a Sydney College of Divinity (SCD) degree or course, SCD Policies and Procedures also apply. Where there is a conflict between this policy and the SCD policies, the SCD policies should be followed.

PURPOSE

To provide clarity and guidance on the financial management and accounting responsibilities, systems, processes and controls which ensure that Te Kupenga's financial resources are managed in a prudent and transparent manner and provide accountability to the Te Kupenga Governance Board (the Board) and Te Kupenga Trustees for the proper stewardship of resources.

SCOPE

The policy covers the core financial management and accounting routines common to any organisation: purchasing, payments, invoicing, banking, payroll, general ledger, asset management, controls and reporting. It complements other policies on budgeting, credit card use, sensitive transactions, investment and audit. It also adheres to standards set out in the New Zealand Catholic Bishops Conference Financial Administration Norms document.

ROLES, RESPONSIBILITIES & DELEGATIONS

The Chief Executive has overall responsibility for effective and accountable financial management. The Chief Executive co-authorises invoices, online bank payments, payroll and general ledger adjustments, reviews monthly reports against budget, addresses any significant variances, prepares commentary for the Governance Board and oversees the other roles. The Chief Executive has delegated authority for expenditure within the approved budget (within a variance of 5%) and for financial commitments to service providers of up to 3 years' duration.

The Operations Manager and the Business Manager are responsible for creating invoices, verifying accounts payable, uploading payments, coding and entering transaction data into the online accounting system, keeping track of assets and debtors, and collating payroll documents for processing of payroll by the Accountant. The Operations Manager has authority to make payments through the Chief Executive's credit card as requested by the Chief Executive and to make travel bookings for Board members and Te Kupenga staff.

Te Kupenga's accounting services are provided by the NZCBC Accountant. The Accountant is responsible for co-authorising payments through the online banking system, calculating payroll, preparing and entering adjustments in the General Ledger, preparing cashflow forecasts and monthly financial statements, confirming the asset register and making investments on advice from the Chief Executive. The Accountant ensures that Te Kupenga complies with the appropriate accounting standards under the Charities Commission as a public benefit entity. The Accountant has no financial delegations.

The Director of the Nathaniel Centre, the Director of the National Centre for Religious Studies and the Dean of the Catholic Theological College are each responsible for their own budget. Their budgets are set and managed within the overall Te Kupenga budget approval, management and accountability processes. Their income and expenses are managed through the same systems and processes as the rest of Te Kupenga's finances. Each Director is required to verify that expenses have been properly incurred before payment is authorised. Each receives a monthly update of income and expenditure, and outstanding debt (from levies and subscriptions). Each Director has authority to incur expenditure within the approved budget.

The Director of the Nathaniel Centre also exercises the control role of system administrator for online banking. This allows him to assign or alter authorities within the system, but not to create or authorise payments.

The Programme Coordinator (levels 5 & 6) has authority to co-authorise online bank payments when delegated by the Chief Executive.

No other staff have authority to incur expenditure without explicit prior approval by the Chief Executive or other budget holder.

The table below summarises the financial delegations within Te Kupenga.

Position	Category	Amount	Exceptions	Prerequisites	Ability to delegate down
Chief Executive	Payroll	Within budget (variance 5%)	None	Dual approval with accountant	None
	Purchasing	Within budget (variance 5%)	None	Dual approval with accountant	To Programme Coordinator (levels 5 & 6) when delegated
	Contracts	Within budget (variance 5%)	Financial commitments to service providers of more than 3 years' duration.	None	None
Director of the Nathaniel Centre	Purchasing	Within allocated budget	None	Purchases or non-personnel contracts with a value of \$5,000 or more must be discussed with the CE	None
Director of the National Centre for	Purchasing	Within allocated budget	None	Purchases or non-personnel contracts with	None

Religious Studies				a value of \$5,000 or more must be discussed with the CE	
Dean of the Catholic Theological College	Purchasing	Within allocated budget	None	Purchases or non-personnel contracts with a value of \$5,000 or more must be discussed with the CE	None

SYSTEMS, PROCESSES & CONTROLS

Purchasing

Most non-personnel costs are recurrent expenses governed by a contract or service agreement with the provider. These are typically invoiced monthly and paid by direct credit, direct debit or credit card. Invoices are reviewed by the Operations Manager or Business Manager, coded to the appropriate cost centre and item and authorised by the Chief Executive, subject to clarification of any significant variations from the normal amounts charged.

Non-recurrent expenses must be approved by the Chief Executive or other budget-holder, and delivery of the goods or service verified by email, receipt or other documentation. The same process applies to payments to contractors and sessional lecturers, supported by a copy of the contract.

As much as possible, travel arrangements are booked and paid by the Operations Manager and Business Manager. Incidental travel expenses are reimbursed on receipt of an expense claim, supported by invoices. Travel expenses are expected to be both actual and reasonable.

Purchase orders will be used to approve, manage and make payment for all purchases:

- over \$500 (plus GST), or
- made under a contract or agreement.

Purchases under the \$500 (plus GST) threshold can be made using a supplier invoice, credit card or purchase order. Invoices should not be split to come under the \$500 (plus GST) threshold.

Purchases or non-personnel contracts with a value of \$5,000 or more may require a competitive process to ensure best value and must be discussed with the Chief Executive. Costs below this amount should still consider value for money, including multiple quotes where the purchaser or manager deems appropriate.

Staff should purchase equipment and supplies through the approved local office process, which is centralised for cost savings. Where they have approval outside this process for expenditure, they should use the Expense Claim Form, and ensure they submit the form with GST receipts.

Establishing Creditors/Suppliers

New creditors and suppliers should be created as required on Exonet by the Programme Coordinator (levels 5 & 6), with approval by the Chief Executive.

Payments & banking

Most payments are made electronically through the online business banking system. Payments are loaded into the accounting system by the Operations Manager or Business Manager and are then exported to the banking system for payment. All payments require two authorisers, using access security controls imposed by the online banking system. The Operations Manager and Business Manager do not have authorising rights. Te Kupenga's system administrator (another Director) has no other role in the banking system.

The Accountant monitors Te Kupenga's cash requirements and recommends transfers from its on-call account to the transaction account to ensure there are sufficient funds for the expected payments each month. The Operations Manager can also monitor and recommend transfers. The CE approves these transfers via electronic banking prior to actioning.

The Nathaniel Centre operates a separate bank account for charitable donations, but the funds are managed centrally.

Invoicing

Data is gathered for invoicing by the Operations Manager and/or Business Manager, using Wisenet (for student fees) and the Nathaniel Centre database (for subscriptions). The other main invoicing item is NCRS school levies. The Operations Manager or Business manager create files from the relevant database and forward them to the Accountant for loading into Exonet. Payments are tracked and the relevant budget holders updated on current and outstanding debt monthly. All debt is followed-up after 30 days, unless arrangements have been made for delayed payment.

Payroll

The Operations Manager or Business Manager track new starts, leave approvals, changes to remuneration and any other changes to individual pay arrangements. The Accountant processes payroll, including checking payments and leave balances, and making adjustments where required. The Chief Executive reviews the completed payroll and approves it for payment. Managers monitor sick and annual leave balances for their direct reports. The Operations Manager alerts staff and their manager when their annual leave balance exceeds 20 days.

Copies of the Chief Executive's payroll records should be signed by the board chair and kept on file.

General ledger

The Accountant maintains Te Kupenga's general ledger and makes any journal adjustments needed. The Chief Executive reviews and approves all journals, and a record of this is kept.

Asset management

The Accountant maintains the fixed asset register and ensures any new capital items are entered into the register, along with the person responsible, the purchase value and the appropriate depreciation rate (consistent with NZCBC Finance Norms). The Accountant calculates depreciation and accounts for that on the general ledger. The Operations Manager and the Chief Executive review the fixed asset register annually, verify that all assets are accounted for and identify assets for disposal or with nil residual value. Only the Chief Executive has authority to approve Capital Expenditure purchases.

Credit Cards

Te Kupenga issues credit cards to staff members to facilitate the work of the organisation. When a credit card is issued to any employee, that person must complete a credit card declaration (attached),

confirming that he or she is fully aware of the responsibilities and requirements governing credit card use, and agrees to abide by them.

Credit cards are primarily to be used for travel, online or non-standard expenses. The card should not be used for standard business items that can be purchased through the normal process of invoice and approval.

Cardholders are responsible for obtaining a GST receipt and information for each item of expenditure and enabling full reconciliation against the monthly credit card statement. Approvals follow the same process as other payments, with approval by a manager and payment of statements authorised by the Chief Executive (with records kept for audit purposes).

Credit card expenses incurred by the Chief Executive are subject to review and approval by the Governance Board Chair, or the Chair's designate. The Governance Board Chair (or the Chair's designate) is responsible for setting the expenditure limit on the Chief Executive's card.

The Chief Executive is responsible for deciding who will be provided with a credit card, establishing the limit for each credit card, and deciding on cancellation of cards.

Controls

The table below summarises the controls on the main elements of the financial management system. The controls follow good practice in respect of segregation of duties (especially in payments and banking) and management review and approval of financial management and accounting documentation.

In particular, only one person can assign or alter user access to and permissions within the banking system, so no-one with creation, modification or authorisation rights can over-ride the controls, while the system administrator is removed from all other financial functions.

Process	Key role and steps	Control
Establishing Creditors/Suppliers	New creditors and suppliers should be created as required on Exonet by the Programme Coordinator (levels 5 & 6), with approval by the Chief Executive.	Chief Executive checks creditor/supplier is valid
Payments	Operations Manager or Business Manager receives, codes and checks invoice for payment Chief Executive reviews invoice details and manager verification, queries any unexpected element and approves for payment	Manager responsible verifies authenticity of invoice Operations Manager or Business Manager follows up any query with manager responsible
Payroll	Created by Accountant, approved by Chief Executive Chief Executive payroll records are signed by Board Chair	Ensures a check prior to payment Ensures oversight by one-up

Banking	<p>Either Operations Manager or Business Manager creates a payment entry</p> <p>Director Nathaniel Centre has system admin rights, to assign roles and permissions in the banking system</p>	<p>Accountant is first authoriser; Chief Executive (or Programmes Coordinator Levels 5/6 in their absence) is second authoriser</p> <p>Director Nathaniel Centre cannot create or authorise payments</p>
Journals	Accountant prepares and loads transactions on accounting system and posts to general ledger	Chief Executive reviews and approves journals for manual adjustments in the general ledger
Credit Cards	<p>Chief Executive approves card holders and limits (except for own, which is approved by Board Chair)</p> <p>One-up budget holders check and approve expenditure</p> <p>Chief Executive signs off on payment</p>	<p>Limits card number and amount</p> <p>Manager responsible verifies authenticity of expenditure and receipt</p> <p>Ensures a high-level check prior to payment</p>

Reporting

The Accountant prepares monthly income and expenses statements for each cost centre and Te Kupenga as a whole, and an update of the balance sheet. The relevant cost centre statements are sent to budget holders, for information and any explanation needed of unexpected variance. The Chief Executive or Operations Manager presents a brief commentary focused on variance from budget to the Governance Board.

APPROVAL & REVIEW

The Financial Operations Policy is subject to a review in 12 months' time. Review and approval are the responsibility of the Te Kupenga Governance Board.

Issued: 31 July 2020

Next review: July 2021