



## FINANCIAL OPERATIONS POLICY

*For those involved in a University of Notre Dame Australia (UNDA) degree or course, UNDA Policies and Procedures also apply. Where there is a conflict between this policy and the UNDA policies, the UNDA 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 Auckland Office 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 external 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 an external accountant. The external accountant is responsible for calculating payroll, preparing and entering adjustments in the General Ledger, preparing cashflow forecasts and monthly financial statements, ensuring compliance with tax obligations (GST) and maintaining the asset register. The external accountant ensures that Te Kupenga complies with the appropriate accounting standards under the Charities Commission as a public benefit entity. The external 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 (budget holders) 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 by approving invoices through ApprovalMax. 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. In ApprovalMax, the external accountant has created an approval workflow based on the financial delegations below for purchasing. The external accountant and Operations Manager have the ability to change and update this upon approval from the Board.

Position	Category	Amount	Exceptions	Prerequisites	Ability to delegate down
<b>Chief Executive</b>	Payroll	Within budget (variance 5%)	None	Dual approval with Operations Manager	To Programme Coordinator (levels 5 & 6) when delegated
	Purchasing	Within budget (variance 5%)	None	Dual approval with Operations Manager	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
<b>Director of the Nathaniel Centre</b>	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

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<b>Director of the National Centre for Religious Studies</b>	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
<b>Dean of the Catholic Theological College</b>	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 Auckland Office Manager, coded to the appropriate cost centre and item and authorised by the relevant budget holder, 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 Auckland Office Manager. Incidental travel expenses are reimbursed on receipt of an expense claim, supported by invoices and/or GST receipts. Travel expenses are expected to be both actual and reasonable.

At present, Te Kupenga does not have a Purchase Order system but is looking to implement this in due course. Once a system is in place, 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 in Xero by the Operations Manager 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 Auckland Office 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 Auckland Office Manager does not have authorising rights. Te Kupenga's system administrator (another Director) has no other role in the banking system.

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

### ***Invoicing***

Invoicing is done by the Operations Manager and/or Auckland Office Manager, using Wisenet (for student fees) and the Nathaniel Centre database (for subscriptions). The other main invoicing item is NCRS school levies. 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 tracks new starts, leave approvals, changes to remuneration and any other changes to individual pay arrangements. The external accountant processes payroll, including checking payments and leave balances, and making adjustments where required. The Operations Manager performs an initial review of the payroll report and leave balance report. 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 managers when their staff's 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 external accountant maintains Te Kupenga's general ledger and makes any journal adjustments needed. The Operations Manager reviews and approves all journals, and a record of this is kept.

### ***Asset management***

The external accountant maintains the fixed asset register in Xero and ensures any new capital items are entered into the register, along with the purchase value and the appropriate depreciation rate (consistent with NZCBC Finance Norms). The external accountant runs depreciation which is automatically calculated by the depreciation rates set in the Xero 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.

All capital expenditure under \$1,000 is considered a low value asset and is expensed through the profit and loss statement. Capital expenditure over \$1,000 is to be coded to an asset in the balance sheet.

### **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
<b>Establishing Creditors/Suppliers</b>	New creditors and suppliers should be created as required in Xero by the Operations Manager with approval by the Chief Executive.	Chief Executive checks creditor/supplier is valid
<b>Payments</b>	Auckland Office 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 Auckland Office Manager follows up any query with manager responsible

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

### **Reporting**

The external accountant prepares monthly income and expenses statements for Te Kupenga against budget, and an update of the balance sheet. The statements are sent to budget holders, for information and any explanation needed of unexpected variance. The Chief Executive or external accountant 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.

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Next review: October 2023